



2017/18 ANNUAL REPORT



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA



**DEPARTMENT OF
MINERAL RESOURCES
VOTE NO. 29**

**ANNUAL REPORT
2017/18**

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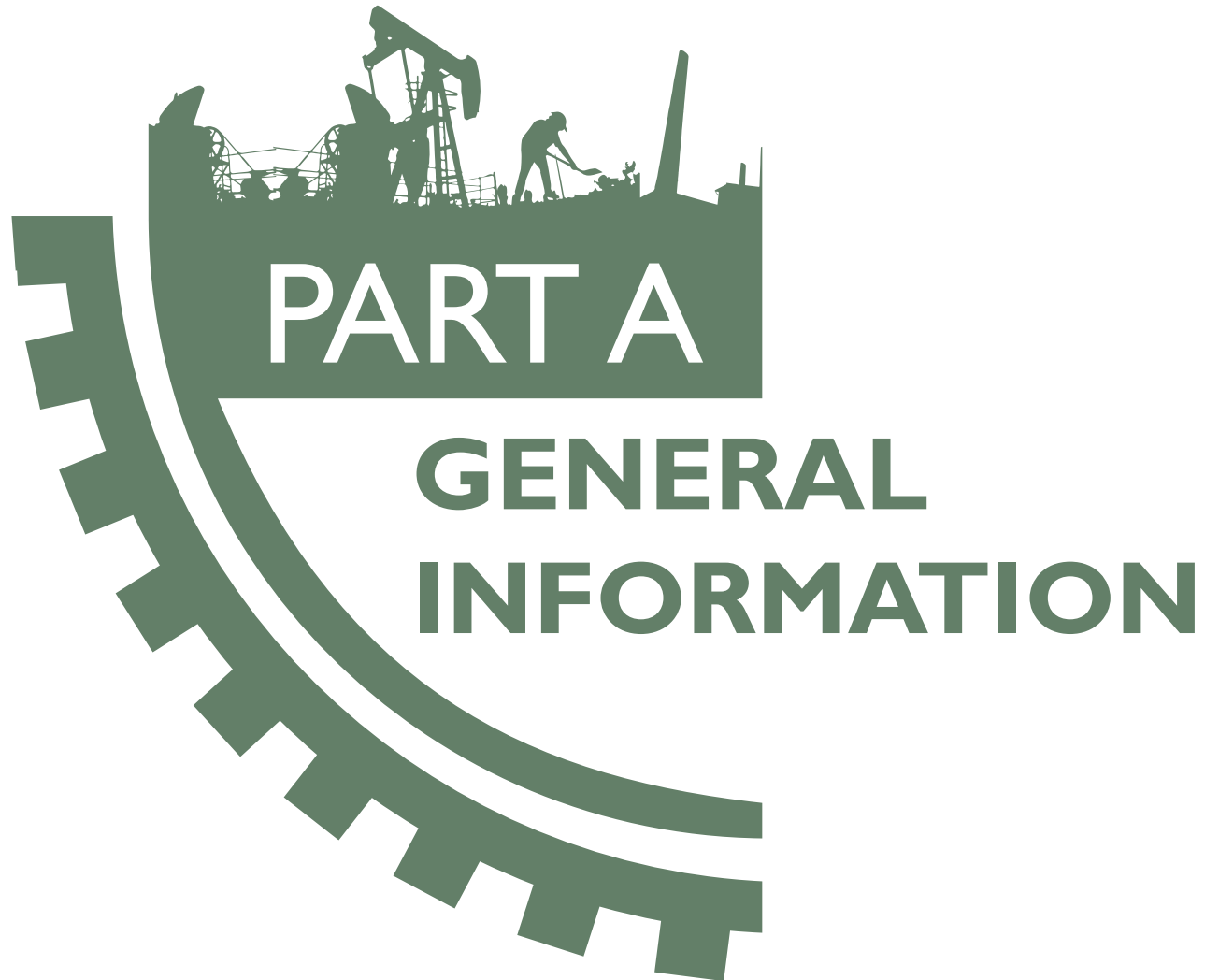
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PART A

GENERAL INFORMATION

I. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AAPG	American Association of Petroleum Geologists
AEMFC	African Exploration Mining and Finance Corporation
AGSA	Auditor-General South Africa
Aids	Acquired Immune Deficiency Syndrome
BAS	Basic Accounting System
BEE	Black Economic Empowerment
CAR	Central African Republic
CEF	Central Energy Fund
CEO	Chief Executive Officer
CTF	Culture Transformation Framework
CGS	Council for Geoscience
CIOM	Chief Inspector of Mines
CoE	Centre of Excellence
CoP	Code of Practice
CSIR	Council for Scientific and Industrial Research
DAC	Development Assessment Centre
DDG	Deputy Director-General
DMR	Department of Mineral Resources
DPSA	Department of Public Service and Administration
EAP	Employee Assistance Programme
ECOWAS	Economic Community of West African States
EDP	Executive Development Programme
ESEID	Economic Sectors Employment and Infrastructure Development
GCC	Government Certificate of Competency
GDP	Gross Domestic Product
HATOLD	HIV, Aids, TB and Occupational Lung Disease
HDSA	Historically Disadvantaged South Africans

HFMC	Hydraulic Fracturing Monitoring Committee
HIV	Human Immunodeficiency Virus
HOA	Home Owners' Allowance
HR	Human Resources
HRD	Human Resource Development
HySA	Hydrogen South Africa
IAA	Internal Audit Activity
ICT	Information and Communication Technology
IESBA Code	International Ethics Standards Board for Accountants' Code
IMF	International Monetary Fund
ISA	International Standards on Auditing
ISBN	International Standard Book Number
KDD	Karoo Deep Drilling
KPCS	Kimberley Process Certification Scheme
LED	Local Economic Development
MANCO	Management Committee
MCS	Modified Cash Standard
MHSA	Mine Health and Safety Act
MHSC	Mine Health and Safety Council
MIG-DETT	Mining Industry Growth, Development and Employment Task Team
MincoSA	Mining Company of South Africa
Mintek	Council for Mineral Technology Research
MMCC	Mine Manager's Certificates of Competency
MoU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MPRDA	Mineral and Petroleum Resources Development Act
MPSA	Minister of Public Service and Administration

MQA	Mining Qualifications Authority
MSCC	Mine Surveyor's Certificate of Competency
MSP	Master Systems Plan
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
N/A	Not applicable
NCOP	National Council of Provinces
NDP	National Development Plan
NEMA	National Environmental Management Act
NIOH	National Institute of Occupational Health
NRF	National Revenue Fund
NSDS	National Skills Development Strategy
OFA	Organisational Functional Assessment
OHS	Occupational Health and Safety
PAA	Public Audit Act
PARS	Project Archive Records System
PASA	Petroleum Agency South Africa
PFMA	Public Finance Management Act
PGM	Platinum Group Metals
PPC	Parliamentary Portfolio Committee
PPPFA	Preferential Procurement Policy Framework Act
PSETA	Public Service Sector Education and Training Authority
PSCBC	Public Service Coordinating Bargaining Council

SAASTA	South African Agency for Science and Technology
SACREF REE	Southern African Centralised Refinery Rare Earth Elements
SADC	Southern African Development Community
SADPMR	South African Diamond and Precious Metals Regulator
SAMI	South African Mining Industry
SAPS	South African Police Service
SCOPA	Standing Committee on Public Accounts
SCSR	Self-contained Self-rescuers
SDT	State Diamond Trader
SITA	State Information Technology Agency
SLA	Service-level Agreement
SLP	Social and Labour Plan
SME	Small and Medium Enterprises
SMME	Small, Medium and Micro Enterprise
SMS	Senior Management Service
SOE	State-owned Entity
SOP	Standard Operating Procedure
SSA	State Security Agency
STI	Sexually Transmitted Infection
TB	Tuberculosis
Unisa	University of South Africa
VCT	Voluntary Counselling and Testing
WSP	Workplace Skills Plan



3. FOREWORD BY THE MINISTER

The mining industry remains a key contributor to the South African economy. Estimates further indicate that the country accounts for 94% of known global reserves of the platinum group metals (PGMs), 73.7% of chrome, 29% of manganese, 18.4% of vanadium and 10.5% of gold reserves. This indicates that the country will remain a critical investment destination for mining for the foreseeable future.



Mr SG Mantashe
Minister of Mineral Resources

As a country, we are mindful of the importance of a stable and predictable policy and regulatory environment as a prerequisite to attract and retain investment, given that we compete with other mining jurisdictions for investment. As such, we have prioritised the finalisation of the key policy and legislative instruments regulating the sector.

In this regard, the Department is hard at work and significant progress has been made in the finalisation of the Mineral and Petroleum Resources Development Act, which is in Parliament's National Council of Provinces for processing. On the Mining Charter, following last year's gazetting of the Charter and subsequent legal challenges, we have, at the direction of President Cyril Ramaphosa, reopened consultation on the Charter with social partners and stakeholders.

The Charter is a tool for transformation, and a powerful pact between stakeholders to contribute towards the achievement of an equal, non-racial and non-sexist society envisioned in our Constitution. We look forward to the conclusion of the consultation process and implementation of the final Charter during the 2018/19 financial year.

It is imperative that this is done, so that the industry can get back to the business of mining, and we, as the Regulator, can enforce compliance of the legislation in order to realise our Vision 2019 to build "a globally competitive, sustainable and meaningfully transformed mining and mineral sector", in line with the Department's 2014–2019 Strategic Plan.

The industry has experienced relative stability in recent years, in particular relating to employer-employee relations, with no protracted strikes in the past few years. This is to be welcomed. An area where companies are urged to pay special focus, however, is that of building trust with communities in which mining takes place. This will improve the environment and make it more conducive for mining to take place sustainably.

In the latter part of 2017/18, we began with an assessment into the backlog in the processing of licenses, and will be able to provide an update and findings on this matter in the 2018/19 financial year. Furthermore, the ethical conduct of our officials is critical if we are to carry out our work as the Regulator with integrity and transparency, and further strengthen the levels of trust with our stakeholders.

Following complaints received, we initiated an investigation into administrative processes, starting in our regional offices in Mpumalanga, Limpopo and North West. This is being extended to other offices across the country.

Health and safety remains an area of concern for the Department. In 2017 the industry experienced the first increase in the number of fatalities reported in ten years. Already in 2018 we are seeing a continuing trend of increasing fatalities.

We are paying close attention to this issue, and should be able to indicate a concrete plan of action in due course to arrest this increase and ensure that our goal of zero harm is realised.

The filling of critical positions at senior management, which was initiated during the latter part of the financial year, has now been concluded, with the appointments of the DDG: Mineral Regulation and the DDG: Mineral Policy and Promotion now concluded. Stability at this level of the organisation bodes well for the overall improvement in performance of the Department.

The year under review marks the penultimate year of the current Medium-term Strategic Framework. We have our work cut out for us as we continue to accelerate our pace of delivering on our mandate to regulate and promote the minerals and mining sector for transformation, growth and development. By doing so, we will ensure that we move this key sector of our economy forward.



Mr SG Mantashe
Minister of Mineral Resources
20 September 2018

4. DEPUTY MINISTER STATEMENT

The South African mining industry remains a significant contributor to the country's inclusive economic growth, transformation and skills development. This is despite the prevailing weak economic growth, and unfavourable commodity prices of metals such as platinum. During 2018, the sector also registered regrettable fatalities.



Mr G Oliphant, MP
Deputy Minister of Mineral Resources

The industry has performed well in ensuring the delivery of primary health care and occupational health services. We, as the Department of Mineral Resources (DMR), have put systems in place such as the DMR 164 forms to monitor, assess the quality, effectiveness, coverage and delivery of collaborative tuberculosis (TB) and human immunodeficiency virus (HIV) activities with a view of compiling an annual report on the TB and HIV disease burden and prevalence. It is worth noting that the intervention yielded positive results in that, in 2017, 687 mines with 473 972 employees complied with the reporting requirements, compared to 663 mines, representing 455 681 employees, in 2016. Compliance with the integrated TB and HIV policy was 93.0% in 2017, and compliance with the integrated TB and HIV programme was 78.6%. We will continue to engage with the sector to review their policies and align them with the current National Strategic Plan for HIV, TB and Sexually Transmitted Infections (STIs) 2017–2022.

Safety at the mines is of paramount importance and of great concern for us. In this regard, we call on all industry stakeholders to work together

to achieve the objectives of zero harm and the 2024 milestones on occupational health and safety. The sector has seen a regrettable increase in fatalities related to fall of ground, especially in the last quarter of the 2017/18 financial year. We are sad to report this increase, and would like to convey our deepest condolences to the families and friends of all mineworkers who lost their lives during this period.

Illegal mines, or zama-zamas, is another area of concern to us, and in recent years, there has been a spate of fatalities relating to such mining activities. DMR continues in its efforts to eradicate illegal mining activities by engaging communities. We will continue to engage with interested and affected parties in this matter, with the objective to encourage them to follow the proper processes of obtaining mining permits.

I am pleased to report that this process resulted in the successful negotiation facilitated by the Northern Cape Office of the Premier. Other participants included Sol Plaatje Municipality, the Swedish Housing Company, the South African Police Service (SAPS), Ekapa Mining and

former zama-zamas, now proudly called the Kimberley Artisanal Miners. The negotiations related to access to the Tailings Mining Resource and 500 ha of diamondiferous ground known as floors.

I am particularly delighted to mention that a reliable database of over a million qualifying claimants, both current and former mineworkers, are constantly tracked and traced to be paid out on a weekly basis. To date, over 10 000 have been paid to the value of over R250 million. We also wish to commend the Silicosis Class Action participants for their successful settlement of over R5 billion for affected gold mineworkers. All in all, there is now over R20 billion available to qualifying current and former mineworkers in the form of medical compensation, pensions and provident funds.

Notably, four special clinics for mineworkers have been completed in four provinces (Eastern Cape, Gauteng, Limpopo and Northern Cape) to attend to their free medical benefit examinations. In addition, seven special clinics were completed in the Southern African Development Community (SADC) labour sending areas: one in Botswana and two each in Lesotho,

Mozambique and Swaziland. I wish to convey my appreciation to the Global Fund for these one-stop service centres.

Lastly, I would like to acknowledge the efforts undertaken by Minister Gwede Mantashe and Team DMR, as led by Director-General Thabo Mokoena, in ensuring that the DMR achieves its mandate, including the finalisation of the Mineral and Petroleum Resources Development Act and reviewed Mining Charter III.



Mr G Oliphant, MP
Deputy Minister of Mineral Resources
20 September 2018

5. REPORT OF THE DIRECTOR-GENERAL

It is my pleasure to present the 2017/18 Annual Report of the Department of Mineral Resources. The Department continued to be focused on delivering on its mandate as outlined in its Annual Performance Plan.



Adv. T Mokoena
Director-General
Department of Mineral Resources

As highlighted in Part B of this Annual Report, there were a number of successes and challenges, but I remain confident and optimistic about the future of this department and the mining industry in general.

The financial year under review indeed proved to be a challenging one for me as incoming Accounting Officer, as it coincided with the departure of two deputy directors-general. This had the potential to affect service delivery. I am, however, pleased to report that the remaining team kept focused and tirelessly worked towards the delivery of our service contract, as contained in the Annual Performance Plan.

The team showed their motivation as members operated under trying times with some of the key vacancies remaining vacant due to a lack of funding. This shortcoming was noted, and the Department reprioritised its spending and positions. Those positions deemed critical are in the process of being filled to ensure that the Department remains a focused, motivated and impactful team.

As a regulating organisation, the Department noted the importance of integrity, its value system and its ethical principles. As such, I have ensured that the management team commits to the ethical pledge and values that have since been distributed across all the regional offices of the Department.

In pursuit of transparency, all senior managers have declared their financial interests, and at the beginning of the financial year, all managers signed performance contracts that are aligned to the Annual Performance Plan.

Mine health and safety

The year under review has been a challenging one, which saw an upsurge in the number of reported fatalities. The sector recorded a 20.5% increase in fatalities, where 88 incidents were recorded at the end of 2017, compared to 73 in the preceding year. While fatalities were on the increase, the efforts of our inspectors on the ground were bearing fruit with a notable



improvement in occupational injuries and diseases. Occupational injuries were reduced by 10.99% from 2 847 reported cases in the previous year to 2 534 in the current year. Occupational diseases followed a positive trend, being reduced by 13.5% from 3 531 in 2016 to 3 056 in 2017.

In an attempt to ensure that we continue to strive towards our goal of zero harm to employees in the mining sector, we have continued to strive to meet our targeted inspections of high-risk operations and ensure that we do diagnostic inspections where incidents are reported and further ensure that sustainable preventative measures are in place.

Plans are underway for the second quarter of 2018 where the Department will be meeting with industry stakeholders to continue initiatives to assess and self-correct in order to meet industry milestones on health and safety.

Mineral regulations

Illegal mining has proved to be among the challenges the Department has had to deal with in a decisive manner. As part of monitoring and enforcement activities, one of the units within the Regulation Branch now forms part of Operation Phakisa: Oceans Economy, with an emphasis on curbing illegal sand mining along the West Coast.

As part of cooperative governance, the Department forms a key part of the joint operations with the Department of Environmental Affairs, the South African Police Service and the Department of Agriculture, Forestry and Fisheries, where it is striving to prevent mining in protected areas.

The Department takes a dim view of illegal mining, but it is worth noting that where illegal operations are found and the operators are willing to take guidance and regularise their operations, the Department's teams support them. A case in point is the process of illegal miners in the Northern Cape being assisted to form the Kimberley Artisanal Miners and Ekapa Mining.

On the other hand, the much talked about illegal mining activities alongside the Umdloti River in KwaZulu-Natal have been closed off and cases handed over to the prosecuting authorities.

While the mining sector has been shedding jobs for various reasons, as part of the new licensing regime, new mines with a life of mine of 30 years have been opened in Mpumalanga. These have created 1 190 new jobs (notably for Shondoni Colliery and Sasol Mining). An additional 654 jobs were created between Black Royalty in Bronkhorstpruit and Nokeng Flousspar in Cullinan.

The Department continues to monitor the compliance of right holders with their contracts, as espoused in the Social and Labour Plans. During the year under review, the following sustainable commitments were implemented for the communities:

- Sunrise View Secondary School and Platinum Village Primary School in North West
- Maseven Clinic in Sekhukhune and Sekuruwe Clinic in Mokopane
- The construction of an administration block at Maremele Primary School in Sekhukhune
- A science laboratory in Sekhukhune
- The construction of a community access bridge in Sekhukhune

Policy and promotion

South Africa is richly endowed with mineral resources. It produces more than 30 metal and mineral products, and has huge potential with respect to mineral reserves, exploration and production. The country ranks first in the quantity of world reserves of chrome ore, fluorspar, manganese ore, platinum group metals and zirconium.

Despite major improvements and recent developments in the South African economy subsequent to the strengthening of the rand and the positive mood following the national election, structural reforms, unconcluded mining regulatory policies (the Mineral and Petroleum Resources Development Act and the Mining Charter) and the recent credit downgrades are hampering South Africa's economy from reaching its full potential.

In the past few years, the financial performance of the South African mining industry has been declining. A slump in commodity prices and increased cost pressures have had an impact on this. Local cost pressures, labour action and a continuing downswing in commodity prices have resulted in shrinking margins and impairment provisions. However, improving commodity prices since the beginning of 2017 and upward trends in global demand, especially in those of South Africa's major trading partners, are expected to reinvigorate the mining industry to perform relatively well throughout 2018 and beyond.

Although, the global economy is still fragile, recovery in industrial activity has coincided with a pickup in global trade after two years of marked weakness, which bodes well for the mining industry in South Africa. The economic outlook of the mining industry remains positive, underpinned by growth in recent quarters of production in the mining industry. By the third quarter of 2017, the mining and quarrying industry increased by 6.6% and



contributed 0.5 of a percentage point to the GDP. The South African economy experienced its worse performance in over nine years by recording a decline of 2.2% in the first quarter of 2018, following an expansion of 3.1% in the last quarter of 2017. Mining production in South Africa decreased by 2.6% in the three months ended in May 2018, despite a recovery in most of the commodity prices in the first half of 2018.

Global and local economic outlook

The acceleration of the world economy so far this year has been stronger than earlier estimates and expectations, mainly due to an upswing that is under way across nearly all the world's major economies. Although the global economic growth outlook has improved, it is clouded by policy uncertainty as the world trading system comes under mounting pressure. According to the World Economic Outlook Report published by the International Monetary Fund (IMF), the IMF has raised its forecast for growth to 3.6% for 2017 and 3.7% for 2018. This is an acceleration from the 3.2% growth recorded in 2016. The high levels of growth resulted from real output growth from emerging market economies, which improved from 5.5% in the fourth quarter of 2017 to 6.6% in the first quarter of 2018.

On the local front, the South African economy grew by an estimated 0.5% in 2016 and was expected to grow by 1.3% in 2017 and 2% in 2018 as economic conditions strengthen. This bodes well for the future of the industry, which has continued to perform well on the back of growth during the third quarter of 2017, where mining and quarrying production grew by 6.6% and contributed 0.5 of a percentage point to the GDP growth rate of 2%. Expectation of growth in our major commodities' trading partners, such as China and India, would therefore result in increased demand for commodities. This augurs well for our mining industry. The South African mining sector's prospects in the coming years seem positive. However, the speed and extent of the recovery is still uncertain, given the existing industry challenges.

The South African mining industry continues to offer unparalleled opportunities for both local and international investors, and has provided impetus for the development of infrastructure. It also contributes greatly to the country's secondary industries, although, in forthcoming years, the rise of electric vehicles will have major implications for the platinum industry, of which South Africa has the largest globally proven reserves.

The outlook for greener transportation is gaining momentum as countries like the United Kingdom join France and Norway in saying that it would ban fossil fuel car sales in coming decades. Vehicle manufacturers in these countries are gearing up to announce plans to abandon the combustion engine in favour of electric cars.

These developments in the platinum industry require urgent intervention from industry stakeholders and a shift in focus to ensure a sustainable platinum mining industry into the future.

Equitable and sustainable benefit from mineral resources

Research highlights during the last quarter of the 2017/18 financial year, as a derivative of the continued studies in the Karoo area of the Northern Cape by the Council for Geoscience (CGS), include the boreholes that CGS drilled during the execution of a five-year geo-environmental baseline study in the Karoo as part of a shale gas research project that the Department is leading in partnership with CGS and the Petroleum Agency South Africa (PASA).

One borehole was found to have the capacity to produce 691 200 litres of water per day, or 20 736 000 litres per month being made available to the municipality. On 13 February 2018, I was honoured to hand over the two boreholes to the Beaufort West Municipality on behalf of the Department at a time when the Western Cape was facing its worst drought in years.

Overview of the financial results of the Department

The Department is tasked with ensuring that its limited allocated resources are used efficiently and effectively. The financial statements of the Department are presented in Section E of this Annual Report. The budget allocated per programme was utilised effectively to deliver on the mandate of the Department. The summary of key financial performance is outlined on the following page.

Departmental receipts

The main source of revenue for the Department is the prospecting fees that are levied in terms of the Mineral and Petroleum Resources Development Act. The Tariff policy remained the same during the period under review. The prospecting fee revenue is classified as rent in land.

Departmental receipts	2017/18			2016/17		
	Estimate	Actual amount collected	(Over-)/under-collection	Estimate	Actual amount collected	(Over-)/under-collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of scrap, waste, arms and other used current goods	1	1	–	1	1	–
Sale of goods and services other than capital assets	11 355	11 642	(287)	9 289	10 147	(858)
Fines, penalties and forfeits	859	1,294	(435)	424	990	(566)
Interest, dividends and rent on land	25 580	23 575	2,005	18 014	23 883	(5 869)
Financial transactions in assets and liabilities	2 457	2 400	57	2 430	3 052	(622)
Total	40 252	38 912	1 340	30 157	38 072	(7 915)

The departmental revenue for the 2017/18 financial year was estimated at R40.3 million, with prospecting fees and environmental application fees representing 63.4% and 19.5% respectively. Collection up to 31 March 2018 amounted to R38.9 million, which was below the projected revenue of R40.3 million by R1.2 million or 3.1%. This was mainly due to a decrease in the collection of prospecting fees and interest income. The Department intends to implement a more aggressive approach in the collection of revenue owed to the state and to improve the revenue management of the Department, particularly focusing on the debt collection period.

Virements

As reflected in the Appropriation Statement, virements amounting to R32.516 million were applied in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA).

The funds shifted from programmes were used mainly to fund the shortfall on office accommodation. The details of the shifted funds and the reasons for these shifts are outlined below:

Virements for 2017/18		
Shifted from	R'000	Reasons
Programme 3: Mineral Regulation	(8 868)	Delays in implementing activities planned for the 2017/18 financial year
Programme 4: Mineral Policy and Promotion	(23 648)	Delays in implementing activities planned for the 2017/18 financial year
Shifted to	R'000	Reasons
Programme 1: Administration	22 975	To augment shortfall under office accommodation and legal costs
Programme 2: Mine Health and Safety	9 541	To augment shortfall on compensation of employees and capital payments

Irregular, fruitless and wasteful expenditure

The irregular expenditure disclosed relates to lease payments in the 2014/15 financial year that did not follow due process. The incident on fruitless and wasteful expenditure is regarded as criminal conduct and will be reported to the enforcement agency once the investigation has been completed. The Department is currently investigating all matters relating to irregular, fruitless and wasteful expenditure, and appropriate action will be taken on conclusion of the investigations.

Supply chain management

The Department's expenditure management is commendable as it has significantly improved its creditor payment period, ensuring compliance with the PFMA. The supply chain management process has been streamlined. On average, suppliers are paid within nine days.

The Department is committed to creating, maintaining and continually improving its supply chain management system so that it is fair, equitable, transparent, competitive and cost effective, and reducing the likelihood of fraud, corruption, favouritism, and unfair and other irregular practices.

The irregular, fruitless and wasteful expenditure that was disclosed was an unfortunate incident that occurred in 2014/15, and the Department is investigating all matters related to this incident. Consequence management will be applied upon conclusion of the investigation.

The future of the Department

The year 2018/19 marks the final year of the 2014–2019 MTSF. During the last strategic planning session, the Department reflected deeply on the goals it had set itself at the beginning of the period and committed itself to expediting those that were lagging behind. Not only did the Department

take stock of the goals that are behind, it also skimmed through the operating environment and noted immediate challenges like the increase in mining fatalities and upsurge in illegal mining, as well as perceived non-compliance by certain sections of the mining industry. It has since made sure that compliance monitoring instruments are sharpened, and has planned to engage the industry on health and safety milestones during the second quarter of the year.

The Department strives for an ethical and corruption-free Department of Mineral Resources. With the support and wisdom of the honourable Minister Mantashe, it has launched investigations at its regional offices that are aimed to eliminate undesirable elements. To date, one region has been covered, and the outcomes have been encouraging. The team will be increasing its scope to cover the other outstanding regions.

I would like to thank the officials of the Department for their efforts and support throughout the year. The oversight bodies have been a constant source of support and guidance for the implementation of internal control systems and service delivery commitments. To our stakeholders, thank you for the professional and amicable working relationship you have fostered with the Department.

Lastly, I would like to acknowledge the guidance and leadership provided by the Minister and the Deputy Minister during the year under review.



Adv. T Mokoena
Director-General
Department of Mineral Resources
20 September 2018

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on annual reports as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Modified Cash Standard and the relevant frameworks and guidelines issued by National Treasury.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of the Department for the financial year ended 31 March 2018.

Yours faithfully



Accounting Officer
Adv. T Mokoena
20 September 2018

7. STRATEGIC OVERVIEW

7.1. Vision

A globally competitive, sustainable and meaningfully transformed mining and minerals sector.

7.2. Vision 2030

A leader in the transformation of South Africa through economic growth and sustainable development.

7.3. Mission

Promote and regulate the minerals and mining sector for transformation, growth and development, and ensure that all South Africans derive sustainable benefit from the country's mineral wealth.

7.4. Values

- Accountability
- Batho Pele (putting people first)
- Ethics
- Honesty
- Integrity
- Professionalism
- *Ubuntu*

8. LEGISLATIVE AND OTHER MANDATES

8.1. Constitutional mandate

The Department of Mineral Resources derives its mandate from section 24 of the Constitution of South Africa, Act No. 108 of 1996.

8.2. Legislative mandate

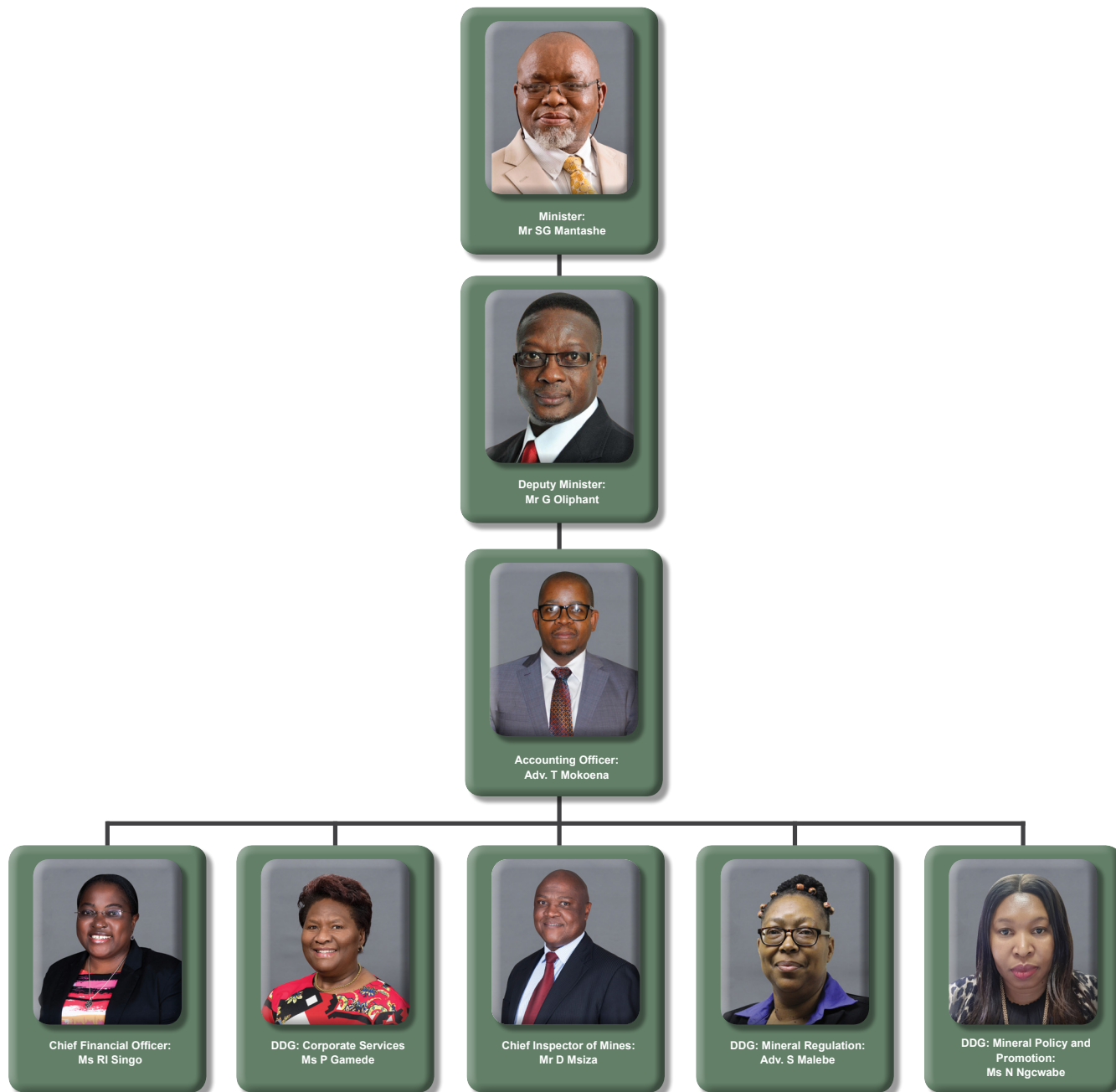
The principal acts driving the work of the Department are the Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) and the Mine Health and Safety Act (Act No. 29 of 1996) (MHSA). The two acts provide the regulatory framework for the promotion and regulation

of the mining, minerals and petroleum industry. They also provide the regulatory framework for ensuring equitable access to and the sustainable development of the nation's mineral resources and related matters.

8.3. Policy mandate

The Minerals and Mining Policy for South Africa (White Paper, 1998) ensures the transparent and efficient regulation of the development of South Africa's mineral resources and mineral industry to meet national objectives and bring optimum benefit to the nation.

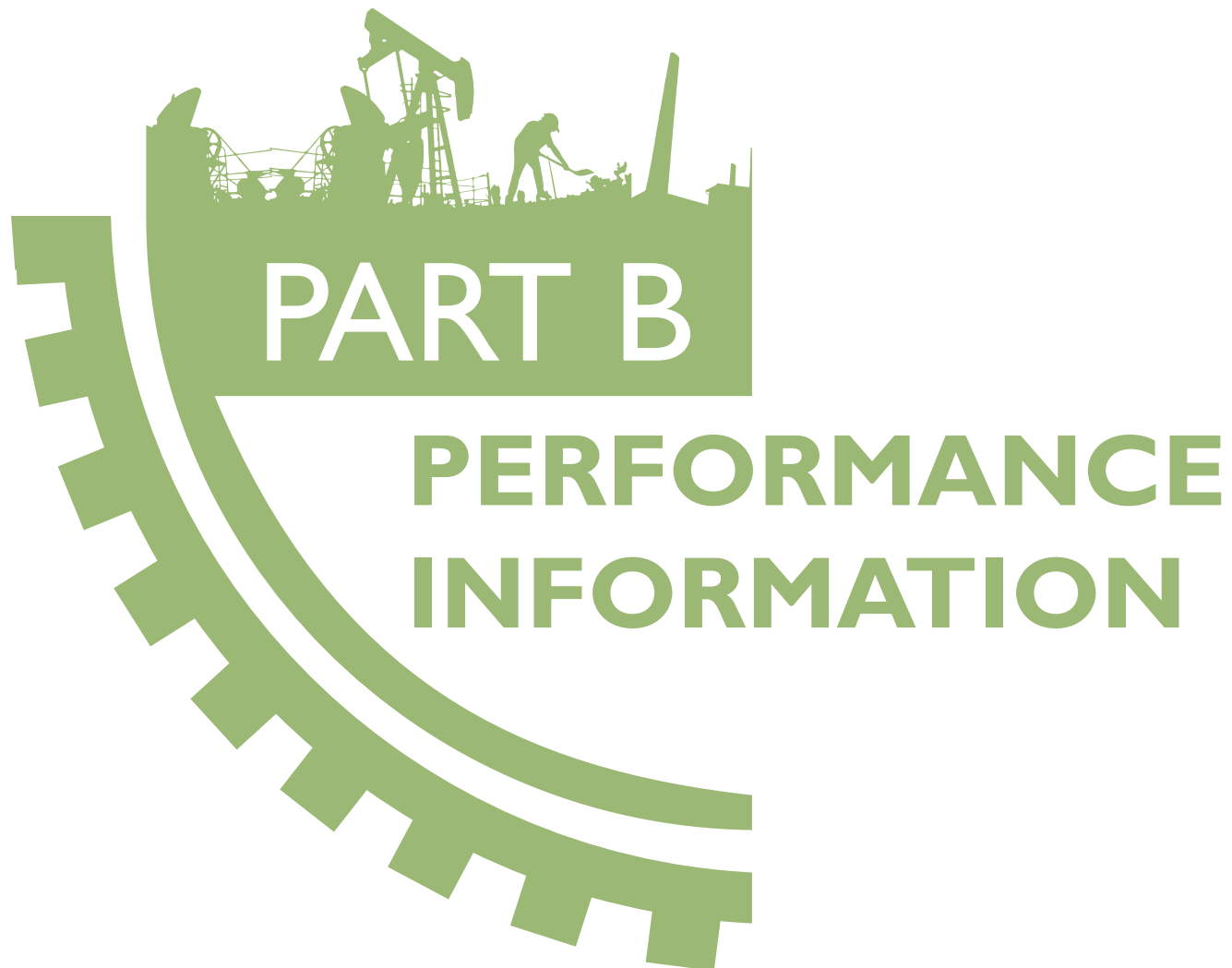
9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
Mine Health and Safety Council (MHSC)	Established in terms of section 42(1) of the Mine Health and Safety Act, Act No. 29 of 1996	Co-funding in terms of the establishment Act	Research and advisory function to the Minister in terms of mine health and safety, as well as promoting a culture of health and safety in the mining industry
Council for Mineral Technology Research (Mintek)	Established in terms of the Mineral Technology Act, Act No. 30 of 1989	Co-funding in terms of the establishment Act	Provides research, development and technology that fosters the development of business in the mineral and mineral products industries
Council for Geoscience (CGS)	Established in terms of the Geoscience Act, Act No. 100 of 1993	Co-funding in terms of the establishment Act	Development and maintenance of the national geosciences knowledge infrastructure for both the onshore (land) and offshore (oceans) environments of South Africa
South African State Diamond and Precious Minerals Regulator (SADPMR)	Established in terms of the Diamond Act, 1986, as amended, and the Precious Metals Act, Act No. 37 of 2005	Co-funding in terms of the establishment Act	Regulation of the diamond, platinum and gold sectors
State Diamond Trader (SDT)	Established in terms of the Diamond Act, Act No. 56 of 1986	Co-funding in terms of the establishment Act	Promotes equitable access to and beneficiation of diamond resources, addresses distortions in the diamond industry and corrects historical market failures to develop and grow South Africa's diamond-cutting and polishing industry



PART B

**PERFORMANCE
INFORMATION**

I. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the

“Predetermined objectives” heading in the report on other legal and regulatory requirements section of the Auditor’s Report.

Refer to page 104 for the Report of the Auditor-General, published in Part E: Financial Information of this annual report.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service delivery environment

2.1.1 Mine Health and Safety Inspectorate

Skills development

Skills development and education are crucial in resolving the triple challenges of unemployment, inequality and poverty. It is against this background that the Branch continues with the implementation of its sustainable, integrated and comprehensively aligned human capital development strategies. These strategies are aimed at achieving sufficient and relevant skills in the mining sector. During the period under review, the Branch successfully implemented the Certificate of Competency model and issued 25 Mine Manager’s Certificates of Competency (MMCC).

Current health and safety performance

The Department is concerned about the fatalities it has been seeing at the mines. In 2017, the mining and minerals sector recorded an increase in fatalities for the first time since 2007. Some 88 fatalities were recorded in 2017, compared to 73 in 2016. Furthermore it is worth noting that the number of occupational injuries decreased from 2 847 in 2016 to 2 534 in 2017, while occupational diseases decreased from 3 531 in 2016 to 3 056 in 2017.

Health and safety is everyone’s responsibility – mine management, labour and the Regulator. Profits cannot be prioritised at the expense of workers’

lives. Unions also have a responsibility to encourage their members to remain vigilant at all times. The Department will continue to enforce the Mine Health and Safety Act.

The ultimate goal, to which members of the Department have committed as stakeholders in the industry, remains that of ensuring that every worker returns home unharmed every day. Meetings will be held with stakeholders during the second quarter of 2018 to look at where the Department is going wrong in terms of reaching its milestone targets on health and safety.

2.1.2 Mineral Regulation

Most of the targets concerning the Mineral Regulation Branch were achieved except for the number of jobs created through mining. This is because of the poor performance of the mining sector, which is on a declining slope due to decreases in commodity prices, the percentage turnaround adherence to prescribed timeframes due to submissions served before the licensing committee, which are outside the 90-day time frame, the percentage implementation of the management action plan (internal audit) due to some management action plans being carried over to the second quarter of the 2018/19 financial year, the number of Social and Labour Plan (SLP) development projects being completed due to some local economic development (LED) projects being put on hold due to mining companies requesting deviations from the approved projects in terms of Regulation 44, the percentage of statutory notices or directives issued, as well as the percentage of complaints closed versus those received due to the method of

calculation on the technical description measure being misaligned with the measure definition, and the number of industry workshops due to financial constraints as the budget was diverted to address conflicts between mining companies and communities.

Procurement is a critical pillar of the Mining Charter. The Department is concerned about the way in which procurement is managed in the mining industry. It is worrying that procurement opportunities for black economic empowerment (BEE) companies are mostly limited to catering, cleaning, gardening and transport, and not enough procurement opportunities are being provided in capital goods and services.

2.1.3 Mineral Policy and Promotion

The Branch was able to achieve most of its targets, but factors such as, vacant posts for key management positions, for instance, that of Deputy Director-General hampered performance. The main challenges have been with regard to performance on the legislative mandate of the Department where the MPRDA, as the principal Act of the mining and minerals industry, has not been finalised since it was first introduced to the National Assembly in 2016. The National Assembly referred the Bill to the National Council of

Provinces to consider the issues that were raised by the former President relating to the public consultation process undertaken by provincial legislatures. The Department, as the custodian of the Bill, had to brief all provincial committees in the provincial legislatures on the MPRDA Bill, as well as be available throughout this process to provide support to the NCOP and provincial legislatures in their processes to facilitate meaningful public participation on the MPRDA Bill, as directed by the President.

Subsequent to extensive consultation with communities throughout the country, the Mining Charter, 2017, was gazetted and published on 15 June 2017 for implementation, but could not be implemented due to the Chamber of Mines instituting legal action against the Department on the Charter, as well as complaints received from stakeholders and communities. In early 2018, with the appointment of the new President, the Department was directed to reopen stakeholder engagements on the Charter, which were aimed at resolving the impasse, thereby nullifying the Mining Charter, 2017, document.

Both the MPRDA and the Mining Charter consultation processes required a lot of resources, human, financial and otherwise, stretching the little resources that were there to ensure a smooth process. This meant that service delivery on other fronts was compromised.

2.2 Service Delivery Improvement Plan

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Publishing of the <i>South African Mining Industry (SAMI)</i> as part of investment promotion	- Investors - Mining industry - Institutions of higher learning	Annual publication in March	Annual publication in November/December	- Published by end of March - Beneficiaries' list continues to increase - Published annually in March - Intention to publish in November
Government Competency Certificate	- Department of Mineral Resources - Mining Qualifications Authority - Mining industry - Mining professionals	Issuing certificates of competency to qualifying candidates	Candidates issued with certificates after meeting qualifying requirements	- Examination results published in May and October for MMCC and Mine Surveyor's Certificate of Competency (MSCC) - Examination results published in June and November for engineers

Batho Pele arrangements with beneficiaries (consultation, access, etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Publishing of SAMI as part of investment promotion		
Quality	Compliance with the International Standard Book Number (ISBN) and the South African Statistics Act.	Compliant with ISBN regulations and adequately researched information, using statistical information.
Consultation	Any communication with the users of <i>SAMI</i> is communicated through the Department's website (www.dmr.gov.za). <i>SAMI</i> contains a telephone number that users can call to communicate with the Department regarding <i>SAMI</i> .	Consultation platform provided by publishing the Department's website address, and telephone and fax numbers to allow for feedback and inputs.
Courtesy	The information contained in <i>SAMI</i> provides users with the current and past performance of the minerals and metals sector in order to inform their investment decisions where applicable. Whereas the greatest care has been taken in the compilation of the contents of <i>SAMI</i> , the Mineral Economics Directorate and the Department does not hold itself responsible for any errors and omissions.	The information is adequately researched, and quality edited by professionals before approval. While there is a disclaimer for omission and errors, there has not been any negative feedback.
Access	<i>SAMI</i> is distributed to the list of users included in the database. <i>SAMI</i> is also posted on the Department's website after it has been printed and published. It is also available on hard copy and on CD for any user of <i>SAMI</i> at the DMR.	Achieved through formal and systematised distribution. However, there are more distribution platforms such as giving the publication to one-on-one client meeting with managers.
Information	The information contained in <i>SAMI</i> is collected from different mineral resources companies, mines and other institutions that hold such information. The information is reviewed, edited and approved by qualified staff, which results in the final information being accurate and reliable. While the greatest care has been taken in compiling the contents of <i>SAMI</i> , the Mineral Economics Directorate and the Department do not hold themselves responsible for any errors and omissions.	The information is adequately researched from a huge pool of subscriptions, research material, and other professional and reliable sources, and is quality edited by professionals before approval by the Director: Mineral Economics.
Openness and transparency	The information contained in <i>SAMI</i> is a true reflection of the past performance of the South African mineral industry and the performance of the global mineral industry. The Department's contact details are included in <i>SAMI</i> for the public to use if they require further clarity on the information contained in the publication.	Achieved and the information is for national and international public consumption and use.
Redress	The Minister of Mineral Resources may withdraw or amend any information contained in <i>SAMI</i> if the amendment or withdrawal is necessary or will result in accurate and reliable information being presented.	The Minister reserves the right to withdraw the publication.
Value for money	<i>SAMI</i> contains valuable information regarding the performance of the global minerals and metals industry, including South Africa. It also gives market trends of the minerals and metals sector. The information contained in <i>SAMI</i> gives users insights into the country's mineral sector. The trends can be used for investment decisions.	The information provides true value for money.
Government Competency Certificate		
Consultation	Information relating to the Government Certificate of Competency (GCC) is available on the Department's website.	Examination information is available on the Department's website, via email or telephone, and walk-ins are attended to at the secretaries of the respective commissions.
Courtesy	Candidates are primarily notified by mail of the acceptance or rejection of their applications. If the application has been rejected, the reasons for non-acceptance are stated in the rejection letter. Complaints are received from candidates mainly through email and are attended to speedily.	- Each applying candidate receives the outcome of their application and areas for attention if the application is unsuccessful. - Candidates can submit further correspondence for clarity, where necessary.

Current/actual arrangements	Desired arrangements	Actual achievements
Access	All the information relating to the GCC is available on the Department's website.	- Candidates can obtain the relevant examination information on the Department's website. - Secretaries are available for consultation, where necessary.
Information	The information about the programme is available on the Department's website with the contact details of the relevant officials.	- Information on the website directs candidates to the relevant official(s). - A list with the contact names of the officials involved with examination is available for perusal and use.
Openness and transparency	The results of all candidates are made available. Candidates are at liberty to apply for a remark. Appeals of the remark outcomes are explained to their supervisors with proof of the examination paper written by the candidate.	- All examination results are made available, ensuring respect for privacy. - Candidates can apply for a remark when unsatisfied with the outcome of the examination.
Redress	A remark is performed upon receiving the request for remarking from the candidate. The candidate may appeal to the Chief Inspector of Mines for leniency on any requirement relating to the GCC.	Candidates who had applied for a remark can appeal if they are not happy with the subsequent outcome of the remark.
Value for money	After the candidate has obtained the GCC, they will have the knowledge that will assist them in performing their duties effectively and efficiently, and they will earn more money for their own account.	- The knowledgeable candidate will have better life prospects (socially, economically, etc.). - The mining industry will benefit with competent individuals who will contribute in ensuring that mining takes place under health and safety conditions.

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Publishing <i>SAMI</i> as part of investment promotion	<i>SAMI</i> can be used as a critical part of investment attraction and decisions made by investors.	<i>SAMI</i> continues to form a key tool in investment promotion and will remain a key component investment tool.
Government Competency Certificate	Examination results can be used as a measure of the supply vs demand of competent individuals within the mining and minerals sector.	- Reduction of accidents and fatalities through the employment of competent individuals. - Mining takes place under health and safety conditions.

Complaints mechanism

Current/actual information tools	Desired information tools	Actual achievements
Publishing <i>SAMI</i> as part of investment promotion	The publication indicates that complaints must be directed to a responsible official, the Director: Mineral Economics, with a telephone number, fax number and the Department's website that contains up-to-date key contact numbers.	- A mechanism is in place and functional. - The next <i>SAMI</i> will be revised to include the official responsible, the contact numbers of the official (including contact numbers of the Office of the Director-General), an email address and the Department's website address.
Government Competency Certificate	Complaints that are in writing are directed to the supervisors of the unit.	- The manager attends to complaints with assistance from the affected officials. - A candidate who is still unhappy is directed to lay a complaint with the senior management of the Branch.

2.3 Organisational environment

During the 2017/18 financial year, the position of Director-General was filled. This brought direction in the Department as the post had been vacant for two years. For the first time, managers signed a pledge of ethical conduct, in which they committed to disclosing their financial interests and ensuring that designated employees under their control also disclose their financial interests. The Director-General also signed values for DMR to be distributed to all offices. These core values stressed the importance of ethics in achieving the strategic objectives of the Department.

On the other hand, service delivery was negatively impacted on by the departure of the DDG: Mineral Regulation and the DDG: Mineral Policy and Promotion. Further to this, a number of critical posts in the Department could not be filled due to a lack of funding, which impacted on the staff morale of employees who shouldered the additional workload. The prioritisation of funds was, however, conducted at an executive level and the Department is in the process of filling some critical positions that were identified.

2.4 Key policy developments and legislative changes

2.4.1 Mineral Resources Development Amendment Bill

The Mineral and Petroleum Resources Development Amendment Bill, 2013 is serving before NCOP's Select Committee on Land and Mineral Resources. Eight of the nine provincial legislatures supported the Bill in the negotiating mandates process. The Department has provided responses to the provincial legislature's negotiating mandates and the Committee has, to date, finalised voting on negotiating mandates. The Select Committee is still to engage on the final mandates' voting process and to compile a report with recommendations to the National Assembly for the further processing of the Bill by Parliament. The Department has supported and will continue to support Parliament to ensure the imminent finalisation of the MPRDA Bill so as to improve investment in the industry, which will lead to sustainable development, transformation and growth in the sector

2.4.2 The Mining Company of South Africa Bill

The Department has developed the Mining Company of South Africa (MincoSA) Draft Bill, which proposes establishing the African Exploration Mining and Finance Corporation (AEMFC) as an independent state-owned entity (SOE). Establishing AEMFC through legislation will assist government to define the mandate and strategic objectives of the entity and ensure that its corporate planning is aligned with the broader national

priorities of government as outlined in the National Development Plan (NDP). In addition to defining and clarifying the legislative mandate and government's expectations, the Draft Bill provides for its legal status, and locating AEMFC within the appropriate level of governance in order to comply with the requirements of PFMA and related regulations.

The Bill was published in 2016 for public comment, and all submissions received were considered and revised accordingly. The revised Bill has since been presented to the Directors-General Economic Sectors Employment and Infrastructure Development (ESEID) Cluster, where concerns were raised. These have been addressed.

An Interdepartmental Task Team was established to identify modalities to ensure the efficient hiving off of AEMFC from the Central Energy Fund (CEF). The Interdepartmental Task Team has been meeting frequently to work on the modalities for an efficient hiving off. The Bill will be processed further as soon as the task team has finalised its work.

2.4.3 Mining Charter

The Department has reopened engagements with mining industry stakeholders on the Mining Charter, 2017, as directed by the President during the State of the Nation Address, following its gazetting in June 2017. These engagements are aimed at resolving the impasse on the Mining Charter, 2017, to produce a Mining Charter that is supported by relevant stakeholders.

The consultation process on the Mining Charter was launched in March 2018 by a meeting of social partners that established two task teams; one focusing on the transformation of the mining industry, and the other on competitiveness and growth. Parallel to the work of the task teams, mine community consultations, aimed at involving members of the mining communities in making inputs to the Mining Charter before it is finalised, also commenced. The mine community consultations were held in all nine provinces. The work of the Stakeholder Task Teams and the community consultations culminated in the draft Mining Charter, 2018, which was published for public comment on 15 June 2018 for a period of 30 days.

On 7 and 8 July 2018, a Mining Charter Summit was held with mining industry stakeholders, including communities, organised labour and organised business for further consultation. Inputs received from the task teams, community consultations and the Summit will be duly considered in the final Mining Charter. The due date for the submission of written submissions has been extended to 31 August 2018.

3. STRATEGIC OUTCOME-ORIENTED GOALS

Outcome 4: Decent employment through inclusive growth

The Department has, through the SLP development projects, facilitated the creation of 5 372 jobs, and through the licensing regime, granted a number of licenses to mining companies across the country, which will contribute to socio-economic development and increase employment opportunities within the country. The Minerals Board has held 34 Section 52 meetings with mining companies, where the intention is to ameliorate job losses within the industry. The Minister has implored the mining industry to follow section 52 of the MPRDA by engaging the Minerals Board and delaying section 189 of the Labour Relations Act until the section 52 process has been exhausted, as part implementing the declaration on job saving.

Outcome 6: An efficient, competitive and responsive economic infrastructure network

Government, through the NDP and the MTSF process, has emphasised the importance of ensuring a sustainable local coal supply for the country's energy requirements. This commodity currently plays a vital role in meeting South Africa's primary energy needs, as well as in the economy in general. It is recognised that coal contributes to the economy, not only to supply energy, but through the generation of export revenue, contributing to GDP and employment. The Department is currently engaged with the completion of the Mining Charter and is eager for the Select Committee to finalise the MPRDA. The conclusion of these two legislative instruments, as the foundation of mining legislation, will enable completion of the coal policy.

Outcome 10: Protect and enhance our environmental assets and natural resources

The Department of Mineral Resources has been reporting on Outcome 10 on a quarterly basis with regard to the number of derelict and ownerless mine sites that have been rehabilitated. The rehabilitation programme is inclusive of mine dumps and dangerous mine openings (shafts). The MTSF target is 235.

To this end, the Department managed to rehabilitate 184 derelict and ownerless mines by the end of the 2017/18 financial year. In the current financial year, the Department planned to rehabilitate 45 derelict and ownerless mines. The annual target will be achieved by the end of the 2018/19 financial year.

The Department has ensured that, consistent with its strategic outcomes, its key environmental goals are attained by ensuring that all prospecting and mining activities are undertaken in an environmentally sustainable manner. Further to that, the Department is ensuring that the state does not inherit any environmental liability caused by the holders of rights and permits, thereby also preventing any possibility of creating future derelict and ownerless mines.

The Branch's significant achievements and contribution to the strategic outcomes during the period under review include consultation or engagements with communities as an intervention between mining communities and mining companies and other stakeholders. This is to improve healthy relations between all parties concerned and ensure stability.



4. PERFORMANCE INFORMATION BY PROGRAMME

During the 2017/18 financial year, the activities implemented by the Department were in the following programmes:

Programme 1: Administration (Corporate Services and Financial Administration)

Programme 2: Mine Health and Safety Inspectorate

Programme 3: Mineral Regulation

Programme 4: Mineral Policy and Promotion

4.1 Programme 1: Corporate Services

Purpose

To enable the Department to deliver on its mandate by providing strategic support, management services and administrative support to the Department and Ministry.

Sub-programmes

- Human Resource Administration and Practices
- Human Resource Planning
- Organisational Development
- Human Resource Development
- Employment Relations Management
- Legal Services
- Communication
- Special Projects
- Auxiliary Support Services

Strategic objectives

- Contribution to skills development
- Sustainable development of vulnerable groups
- Communication of the Department's programmes with internal and external stakeholders

- Provision of adequate facilities for effective service delivery
- Development, review and improvement of internal processes and procedures
- Provision of professional legal support and advisory services to the Ministry
- Improvement of turnaround times
- Ensuring the implementation of national strategies
- Compliance with legislation
- Attraction, development and retention of skills
- Promotion of corporate governance.

Strategic objectives, performance indicators, planned targets and actual achievements

Contribution to skills development

The Department conducted career exhibitions at 12 institutions of higher learning: University of Venda, University of Western Cape, Central University of Technology, Northwest University, Mangosuthu University of Technology, University of South Africa (Unisa) (Main Campus), Nelson Mandela University, Unisa (Pietermaritzburg Campus), Unisa (Durban Campus), Durban University of Technology, Sol Plaatje University and Unisa (Middelburg Campus). Through these exhibitions, 1 768 youth were reached and obtained mining-related career information. This initiative has also made the mining industry attractive to youth. Moreover, students were made aware of subjects for which they need to enroll for the GCC and MMCC.

Development, review and improvement of internal processes and procedures

Nineteen departmental processes were improved or re-engineered, allowing for optimal performance and ensuring that such processes are understood and consistently followed and applied. The improvement of business processes maximises process efficiency, thereby ensuring higher productivity and output.

Ensuring the implementation of national strategies

The continuous screening of prospective candidates and vetting of employees gave rise to a workforce with integrity. The benefits were not only to acquire a skilled workforce, but also candidates who can deliver the mandate of the Department with integrity.

Procuring services from service providers that are involved in illicit activities will damage the image of the Department, which may result in business and the public losing confidence in the Department. Despite the fraudulent activities that have been taking place in the Department's jurisdiction, the screening of companies minimised the risk of reputational damage against the Department.

Compliance with legislation

All departmental senior managers adhered to the call to disclose their financial interests for the previous financial year, as required by the Public Service Regulations, the action of which contributes positively to ethical conduct in the Department.

Attraction, development and retention of skills

In accordance with the Workplace Skills Plan submitted to the Mining Qualifications Authority (MQA) and Public Service Sector Education and Training Authority (PSETA), the Department trained 464 employees during the 2017/18 financial year. Of these employees, 270 are female and 194 are male. Employees were trained in various training programmes, from generic to technical courses, including ISO 14001, Environmental Law, Geographic Information Systems, SAMTRAC for Mining, Project Management, Monitoring and Evaluation, Records Management, Management Development Programme, and Project Khaedu. Through the abovementioned programmes, employees gained the knowledge and skills that were needed to execute their tasks efficiently, thereby ultimately

maximising organisational performance. Moreover, a pool to promote candidates from within the Department has been widened, especially among women.

The Department appointed 53 interns during the financial year. Of these, 27 are female and 26 male. Six of the interns were employed permanently within the public service and private sector.

Twenty-six managers have undergone development assessment through the Department's Development Assessment Centre (DAC). This centre identifies individual strengths and development areas on different managerial levels in order to diagnose development needs that will enhance more effective job performance and/or career development and advancement, which, in turn, contributes to the attainment of greater organisational success.

The Department awarded 58 internal bursaries to enroll for programmes in the following fields: community development, environmental health, science and management, law, economics, mining engineering and safety management. Furthermore, 18 bursary holders completed their studies in the following programmes: Bachelor of Administration, Bachelor of Arts (Administration), Bachelor of Law, BTech: Forensic Investigation, BTech: Human Resource Management, BTech: Logistics, BTech: Mining Engineering, National Diploma: Economic Management, National Diploma: Management Services, National Diploma: Public Relations, Environmental Management Honours, Public Administration Honours, Public Management Honours, Masters in Business Administration, Postgraduate Diploma: Mining and Policy Environment.

By obtaining the abovementioned qualifications, employees gained the knowledge and skills needed to execute their tasks efficiently, which ultimately maximises performance and creates a pool from which to promote, not only the Department, but the public service in general.

PROGRAMME 1: ADMINISTRATION

Branch: Corporate Services								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Contribution to skills development	Number of mining career awareness initiatives – Human Resource Development (HRD)	19	21	20	9	9	–	
	Number of mining career awareness initiatives – Special Projects	–	–	–	10	12	2	The over-achievement is due to an invitation by Unisa to other Unisa campuses that were not in the plan.
	Number of bursaries acquired and recipients identified to study towards mining-related qualifications.	23	21	25	20	45	25	Over-achievement is due to the Department soliciting the MQA to support private-sector bursaries.
Sustainable development of vulnerable groups	Number of identified projects facilitated for vulnerable groups (cumulative)	6	7	7	6	7	1	The Branch had planned to initiate six projects as per the target for 2017/18. However, the Branch over-achieved as a result of the Bophelong Stimulation Centre in Balfour, Mpumalanga, which was not on the pipeline due to companies experiencing an economic downturn. This project was then implemented during 2017/18.

Branch: Corporate Services								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Communication of DMR programmes with internal and external stakeholders	Review and implement DMR communication strategy	N/A	N/A	N/A	100%	100%	0%	
Provision of adequate facilities for effective service delivery	Percentage of facilities aligned with business needs	94%	95%	95%	95%	95%	0%	
	Development of Facilities Management Strategy	N/A	N/A	N/A	1	1	0	
Development, review and improvement of internal processes, guidelines and procedures	Number of policies or guidelines developed and/or reviewed	10	6	5	10	14	4	Over-achievement is due to urgent need to review Acting Policy, Policy on Management of Leave, Transport Policy and Security Policy.
	Number of improved or re-engineered processes	15	17	17	15	19	4	Over-achievement is due to a project in mapping or improving all business process e.g Acceptance of Gifts, Performance Management and Development Systems.
	Number of standard operating procedures (SOPs) developed	N/A	N/A	N/A	10	19	9	Over-achievement is due to a project to develop SOPs for all business processes within the Branch.

Branch: Corporate Services

Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Provision of professional legal support and advisory service to the Ministry and the Department	Percentage of timeous responses to opinions, appeals, enquiries, agreements and litigations	84%	86%	83%	80%	81%	1%	Over-achievement is due to the Branch receiving more appeals in the current cycle than in the previous cycle, but the Branch managed to finalise them on time.
Improvement of turnaround times	Percentage adherence to defined turnaround times	100%	100%	100%	100%	100%	0%	
	Percentage adherence to service-level agreements (SLAs)	100%	100%	100%	100%	100%	0%	
Ensuring implementation of national strategies	Number of vetting files completed and submitted to the State Security Agency (SSA)	120	120	120	100	100	–	
	Percentage of pre-employment screening requests processed	100%	100%	100%	100%	100%	0%	
	Percentage of service providers' and contractors' screening requests processed	100%	100%	100%	100%	100%	0%	
	Number of gender equality strategic plans implemented	N/A	9	10	8	8	–	

Branch: Corporate Services								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Ensuring implementation of national strategies	Number of health, safety and wellness programmes implemented	20	8	8	8	8	–	
Compliance with legislation (Human Resources (HR) and Occupational Health and Safety (OHS))	Number of actions implemented to ensure the submission of financial disclosures	N/A	N/A	5	5	5	–	
	Percentage of HRD Plan or Workplace Skills Plan (WSP) submitted to the Department of Public Service and Administration (DPSA), PSETA and MQA within the prescribed time frames	100%	100%	100%	100%	100%	0%	
	Number of actions implemented to ensure submission of performance agreements	N/A	N/A	4	4	4	–	
	Number of HRD initiatives aligned to the goals of the National Skills Development Strategy (NSDS) implemented	14	17	18	17	17	–	

Branch: Corporate Services

Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Compliance with legislation (HR and OHS)	Maintain the vacancy rate at an acceptable level (10%)	14%	14%	6.4%	10%	10.29%	0.29%	The process of filling positions is already underway and should be completed by the end of August 2018.
	Number of change management initiatives implemented	N/A	N/A	N/A	3	3	–	
Promotion of corporate governance	Percentage implementation of management action plan (internal audit)	100%	100%	100%	100%	100%	0%	
	Percentage implementation of management action plan (external audit)	100%	67%	100%	100%	50%	-50%	Critical positions were identified and advertised by the Department. The interviews and filling of the posts will be completed in the 2018/19 financial year. The Branch is currently in the process of filling posts, and will report in the first quarter on 30 June 2018.
	Percentage adherence to compliance framework	100%	100%	100%	100%	100%	0%	
	Percentage implementation of risk management plans	97%	89%	94%	100%	78%	-22%	Partially achieved due to Legal Services awaiting approval of the Manual for Inspectors of Mine Health and Safety. To be implemented once the manual for inspectors is approved.

Strategy to overcome areas of underperformance

- **Maintain the vacancy rate at an acceptable level (10%):**

Target : 10%.

Achieved: 10.29%.

Not achieved.

Given the current financial constraints of employees, the Department was in the process of rationalisation. Out of that process, 14 positions were identified as critical and subsequently funded.

- **Percentage implementation of management action plan (external audit):**

Target: 100%.

Achieved: 50%.

Partially achieved due to critical positions being identified and advertised by the Department. The interviews and filling of the posts will be completed in the 2018/19 financial year.

- **Percentage implementation of risk management plans:**

Target: 100%.

Achieved: 78%.

Partially achieved due to Legal Services awaiting approval of the Manual for Inspectors of Mine Health and Safety. Senior Management Service (SMS) unavailability to form Committee. Lack of training course for moderation of performance.

4.2 Programme 1.1: Financial Administration

Purpose

To enable the Department to deliver on its mandate by providing strategic support management services and administrative support to it and the Ministry.

Sub-programmes

- Finance (Financial Planning and Management Accounting, Expenditure Management, Supply Chain Management)
- Information Management (Information Technology and Systems Development and Maintenance)

Strategic objectives

- Provision of efficient services to internal and external stakeholders
- Implementation of processes and systems
- Management of financial resources
- Promotion of corporate governance

Strategic objectives, performance indicators, planned targets and actual achievements

The Branch provided efficient services to internal and external customers by ensuring that financial reports are delivered on schedule, suppliers are paid within 30 days and systems are above 95% available. The Branch further implemented processes and systems through the Master Systems Plan (MSP) that was fully implemented. Despite the one irregular expenditure incident that occurred, the Branch continued to ensure the management of financial resources and fully implemented the asset management plan and budget integrated plan, and spent within the allocated budget.

Branch: Financial Administration

Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Provision of efficient services to internal and external customers	Percentage system availability	99.50%	99.99%	99.00%	95%	99.67%	4.67%	The reason for the deviation on percentage system availability is that the target had taken into account system downtime, but none was experienced during the financial year.
	Percentage achievement of SLA	98.46%	86.11%	97.00%	95%	93.2%	-1.8%	Partially achieved due to calls not attended to within the agreed standard turnaround times. This is a regression compared to the previous year when the target was achieved at 97.62%.
	Customer satisfaction index (1-5)	3.40	3.20	2.07	3	2.38	-0.62	Partially achieved due to a delay in the delivery of cellphones, network down and challenges in printing.
	Percentage of financial reports delivered on schedule	100%	100%	100%	100%	100%	0%	
	Percentage of suppliers paid within 30 days	99.57%	92.50%	100.00%	100%	99.12%	-0.88%	Partially achieved. Quarter 4 target was achieved. This is consistent with the same period in the previous financial year. Due to the target not being achieved in Quarter 1, the cumulative target was partially achieved.
Implementation of processes and systems	Percentage implementation of the MSP	100%	100%	100%	100%	100%	0%	

Branch: Financial Administration								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Management of financial resources	Percentage variance on allocated budget	0.02%	0.00%	0.50%	2.00%	0.2%	-1.8%	
	Percentage implementation of the integrated budget plan	N/A	N/A	N/A	100%	100%	0%	
	Number of incidents of irregular expenditure	1	0	0	–	1	1	Partially achieved due to non-compliance with the Preferential Procurement Policy Framework Act (PPPFA) on 80/20 principles. Stationery tender was evaluated on 80/20 principle instead of 90/10 principle. The incident occurred in Quarter 2 and was only realised in Quarter 3. No irregular expenditure was incurred in the previous financial year compared to the one case of irregular expenditure incurred in the year under review.
	Percentage implementation of asset management plan	N/A	N/A	100%	100%	100%	0%	
Promotion of corporate governance	Percentage implementation of management action plan (internal audit)	100%	100%	100%	100%	100%	0%	



Branch: Financial Administration								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Promotion of corporate governance	Percentage implementation of management action plan (external audit)	100%	100%	100%	100%	100%	0%	
	Percentage adherence to compliance framework	100%	100%	100%	100%	100%	0%	
	Percentage implementation of risk management plans	100%	100%	100%	100%	100%	0%	
	Percentage implementation of information and communication technology (ICT) governance initiatives	N/A	N/A	100%	100%	100%	0%	

Strategy to overcome areas of underperformance

- Percentage achievement of SLA:**
 The Branch will continue to endeavour to achieve the set target with the limited resources. The recruitment of additional human resources is beyond its control due to departmental financial constraints.
- Customer satisfaction index (1-5):**
 The comment column was made mandatory for users to complete before submitting the survey. Attention will be given to identified problem areas to ensure improved service delivery going forward.
- Percentage of suppliers paid within 30 days:**
 All invoices received have been paid within 30 days since June 2017 and this achievement is consistent to date.
- Number of incidents of irregular expenditure:**
 The contract was cancelled and a new one was entered into. Consequence management was applied to officials who committed the error.

Sub-programme expenditure

Programme 1 - Administration	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over-)/under-expenditure	Final appropriation	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	34 437	34 437		33 822	35 123	(1 301)
Corporate Services	181 999	181 823	176	186 177	187 841	(1 664)
Departmental Management	15 541	15 541		16 707	12 457	4 250
Financial Administration	97 901	97 641	260	93 704	93 536	168
Internal Audit	10 114	10 114		10 901	10 609	292
Office Accommodation	22 914	22 914		21 485	21 484	1
Total	362 906	362 470	436	362 796	361 050	1 746

4.3 Programme 2: Mine Health and Safety

Purpose

To ensure the safe mining of minerals under healthy working conditions.

Sub-programmes

- Mine Health and Safety (regions)
- Governance Policy and Oversight

Strategic objectives

- Promotion of health and safety
- Contribution to skills development
- Implementation of SLAs
- Development and review of internal processes
- Improvement of turnaround time
- Promotion of corporate governance

Strategic objectives, performance indicators, planned targets and actual achievements

The Branch's significant achievements and contribution to the strategic outcomes-orientated goals of government during the period under review include a 13% reduction in the number of occupational diseases reported by the mining sector, a 13% reduction in the number of injuries, covering 98% of investigations completed, 84% inquiries completed and 100% adherence to the prescribed timeframes for Chief Inspector of Mines appeals.

Furthermore, the Department has contributed to skills development by issuing 25 MMCCs.

PROGRAMME 2: MINE HEALTH AND SAFETY INSPECTORATE

Branch: Mine Health and Safety								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Promotion of health and safety	Percentage reduction in occupational fatalities	26%	11%	3%	20%	1%	-19%	The Inspectorate will continue to monitor compliance and ensure that effective safety management systems are implemented. Engagements will also be held with the chief executive officers (CEOs) of mining companies to ensure that appropriate measures are implemented to prevent harm to the mineworkers in the mining industry.
	Percentage reduction in occupational injuries	14%	13%	6%	20%	13%	-7%	The reason for the partial achievement is due to the increase of fall-of-ground accidents and transportation in mining accidents. There were 2 874 injuries reported between April 2016 and March 2017, and 2 499 injuries were reported between April 2017 and March 2018. The Inspectorate will continue to monitor compliance and ensure that effective safety management systems are implemented in the mining industry. Engagements will also be held with the CEOs of mining companies to ensure that appropriate measures are implemented to prevent harm to mineworkers.

Branch: Mine Health and Safety								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Promotion of health and safety	Percentage reduction in occupational diseases (including TB)	3%	1%	25%	10%	13%	3%	Reasons for over-achievement is that not all mines have been accurately reporting, and the previous error has been corrected. Issues of reporting correctly are emphasised, as is avoiding double reporting by the mines during occupational health workshops and other forums. The mines hold occupational health awareness campaigns for employees to promote health. Guidelines are developed and revised.
	Percentage of investigations completed (initiated vs completed)	90%	85%	85%	80%	97.88%	18%	The reason for the over-achievement was that the availability of witnesses improved during this quarter.
	Percentage of inquiries completed (initiated vs completed)	67%	100%	78%	80%	84%	4%	The reason for the over-achievement was the availability of witnesses.
	Number of inspections conducted (cumulative)	8 555	7 539	9 363	8 000	9 425	1 425	The reason for the over-achievement was that extra audits were carried out in an attempt to reduce fall-of-ground accidents.
	Number of audits conducted (cumulative), individual audits included	523	466	506	396	527	131	The reason for the over-achievement was that extra inspections were conducted in an attempt to reduce accidents.

Branch: Mine Health and Safety

Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Promotion of health and safety	Mine Health and Safety Annual Report submitted	1	1	1	1	1	–	
	Number of tripartite workshops conducted	62	71	67	40	76	36	The reason for the over-achievement under this measure was the request from stakeholders (unions and employers) to conduct additional tripartite workshops.
Contribution to skills development	Administration of GCC examination policy	100%	100%	100%	100%	100%	0%	
Implementation of SLAs	Percentage adherence to existing SLAs	100%	100%	100%	100%	100%	0%	
Development and review of internal processes	Percentage of identified internal processes developed and/or reviewed	100%	100%	100%	100%	100%	0%	
Improvement of turnaround time	Percentage adherence to prescribed timeframes for medical appeals.	127%	95%	81%	80%	80%	0%	
	Percentage adherence to prescribed timeframes for Chief Inspector of Mines (CIOM) appeals	100%	100%	100%	100%	100%	0%	
	Percentage adherence to prescribed timeframes for MPRDA applications	103%	100%	72%	100%	99.87%	-0.13%	
	Percentage adherence to prescribed timeframes for administrative tasks	88%	98%	80%	80%	90.78%	10.78%	There were 1 453 applications completed and processed within 30 days and 1 319 received.

Branch: Mine Health and Safety								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
Promotion of corporate governance	Percentage implementation of Management Action Plan (internal audit)	100%	100%	55%	100%	100%	0%	
	Percentage implementation of Management Action Plan (external audit)	100%	100%	100%	100%	100%	0%	
	Percentage adherence to compliance framework	100%	100%	100%	100%	100%	0%	
	Percentage Implementation of risk management plans	100%	100%	75%	100%	100%	0%	

Strategy to overcome areas of underperformance

The Mine Health and Safety Branch underachieved on two measures: percentage reduction in occupational fatalities and injuries. The Inspectorate will continue to monitor compliance and ensure that effective safety management systems are implemented. Engagements will also be held with the CEOs of mining companies to ensure that appropriate measures are implemented to prevent harm to the mineworkers in the mining industry. The Department will host the tripartite leadership summit to analyse and discuss accidents, and come up with recommendations to eliminate repeat accidents.

The Department established a Task Team that will consists of the DMR, the Mine Health and Safety Council, the Council for Geoscience, as well as labour and mining companies to develop strategies to mitigate seismic and fall-of-ground accidents. Secondly, to ensure a sustained reduction of fatalities, the Department will be embarking on group audits and inspections to ensure compliance with the legal provisions. The Department, in collaboration with MQA, will train rock engineers and seismologists to capacitate the mining and mineral sector to address rockbursts and fall-of-ground-related accidents.

Linking performance with budgets

Sub-programme expenditure

Mine Health and Safety	2017/2018			2016/2017		
	Final appropriation	Actual expenditure	(Over-)/under-expenditure	Final appropriation	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Governance Policy and Oversight	45 027	45 013	14	47 395	46 430	965
Mine Health and Safety (regions)	152 498	152 482	16	143 045	143 127	(82)
Mine Health and Safety Council	6 162	6 162	–	–	–	0
Total	203 687	203 657	30	190 440	189 557	883

4.4 Programme 3: Mineral Regulation

Purpose

To regulate the minerals and mining sector to promote economic growth, employment, transformation and sustainable development. It is also responsible for the administration of prospecting and mining rights licensing and compliance with the MPRDA, including environmental management compliance by mines.

Sub-programmes

- Mineral Regulation and Administration
- Management Mineral Regulation

Strategic objectives

- Job creation
- Promotion of sustainable resources use and management
- Reduction of state environment liability and financial risk
- Implementation of transformation policies and legislation
- Improvement of turnaround time
- Monitoring and enforcement of compliance
- Promotion of corporate governance

Strategic objectives, performance indicators, planned targets and actual achievements

To ensure sustainable development, targets set for monitoring compliance have been exceeded. Where non-compliance was detected, it has been addressed with the relevant statutory notices. There has been significant improvement in correcting or remedying the situation.

There has been a significant number of community consultations to ensure that concerns raised by communities are addressed. This process involves the participation of other affected government departments. These engagements also build cooperation between government entities.

Industry workshops remained key and there was a need in some areas to implement more owing to the challenges faced.

Adherence to the prescribed turnaround times remains a key challenge as the Branch strives to adhere to the process, taking into consideration the other objectives of the Act, such as the participation of historically disadvantaged South Africans (HDSA). At times, it becomes necessary to assist and be outside the timeline. However, there are instances when the delays are administrative and there are backlogs that can be avoided if one revisits how the processes are applied.

Monitoring and enforcement of compliance

As part of monitoring and enforcement, the Chief Directorate: Enforcement has become part of Operation Phakisa, related to the Oceans Economy, with an emphasis on curtailing illegal sand mining along the West Coast. The Chief Directorate: Enforcement is part of the joint operations with the national departments of Environmental Affairs, and Agriculture, Forestry and Fisheries, as well as the South African Police Service (SAPS).

Illegal sand-mining operations along the Umdloti River in KwaZulu-Natal have been completely closed and cases have been handed over to the prosecuting authority.

Job creation

As part of the licensing regime, a new mine (Shondoni Colliery, Sasol Mining) has been opened in Mpumalanga, which will create 1 190 jobs, and will have a life of mine of 30 years.

PROGRAMME 3: MINERAL REGULATION

Branch: Mineral Regulation								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Job creation	Number of SLP development projects completed	133	120	162	120	106	-14	
	Number of approved SLPs published	–	–	–	100%	0	-100%	The Branch has finalised the modalities on how approved SLPs will be published and is awaiting the promulgation of the regulations. Once the regulations are promulgated, the Branch will implement this measure.
	Number of black industrialists created through procurement	N/A	5	5	10	10	0	
	Number of jobs created through mining	5 338	6 528	5 740	7 000	5 372	-1 628	Not achieved due to the current economic situation in the mining industry, which is affecting the creation of jobs within the mining industry.
Promotion of sustainable resource use and management	Percentage of evaluated work programmes relative to rights issued considering the elements of sustainable development	100%	100%	N/A	100%	100%	0%	

Branch: Mineral Regulation

Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Reduction of state environmental liability and financial risk	Percentage of statutory notices or orders issued to remedy inadequate financial provision	100%	100%	100%	100%	100%	0%	
	Percentage of statutory notices or orders issued to remedy environmental non-compliance	N/A	N/A	100%	100%	100%	0%	
	Percentage of closure certificates issued in line with the regulatory framework	100%	100%	100%	100%	100%	0%	
	Percentage of complaints received vs inspected	N/A	N/A	N/A	50%	100%	50%	Not achieved due to attending to the backlog of complaints received.
	Percentage of cases opened	N/A	N/A	N/A	100%	100%	0%	
	Percentage of statutory notices or directives issued	N/A	N/A	N/A	100%	33%	-67%	Not achieved due to the method of calculation on the technical description measure being misaligned with the measure definition.
	Percentage of administrative fines issued	N/A	N/A	N/A	100%	0%	-100%	The Chief Director has engaged with the Department of Environmental Affairs and the new updated calculator (section 24G) has been made available to the Department.

Branch: Mineral Regulation								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Reduction of state environmental liability and financial risk	Percentage of complaints closed vs received	N/A	N/A	N/A	100%	25%	-75%	Not achieved due to the method of calculation on the technical description measure being misaligned with the measure definition.
Implementation of transformation policies and legislation	Number of rights and permits granted and/or issued to HDSA-controlled entities	203	204	175	120	178	58	This is due to more attention being given to HDSA applications to comply with the requirements of the National Environmental Management Act (NEMA).
	Number of consultations or engagements and conflict management with communities and stakeholders, as well as the mining industry	263	341	342	150	306	156	More consultation and engagement were done due to increased complaints from communities and due to continued engagements with stakeholders.
	Percentage compliance by the mining industry	–	–	–	100%	0%	-100%	The Branch is in the process of procuring a measuring tool.
	Number of industry workshops conducted	16	15	14	9	8	-1	Not achieved due to financial constraints as the budget was diverted to address conflicts between mining companies and communities.
	Number of SLP verification inspections conducted	268	270	275	212	306	94	More legal compliance inspections were conducted to enforce legal compliance with terms and conditions of the rights issued and due to more verification inspections being done on the implementation of projects.

Branch: Mineral Regulation

Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Implementation of transformation policies and legislation	Number of legal compliance (mineral laws and SLP) verification inspections conducted	253	502	264	150	212	62	More inspections were conducted to enforce legal compliance with terms and conditions of the mining rights issued.
Monitoring and enforcement of compliance	Number of mine work programme (MWP)/ prospecting work programme (PWP) inspections (cumulative)	–	595	501	425	487	62	Numerous renewal applications warranted inspections before recommending them for renewal in order to establish the level of compliance. Furthermore, some of the rights and permits were found to be in the same vicinity, and an audit was deemed necessary as a way of saving resources. The inspections were conducted in such a way that they could be combined to avoid travelling to the same areas time and again, which would have had negative implications towards the end of the financial year. By so doing, it minimised regular travels to the same areas on the one hand and saved on the budget on the other.
	Percentage implementation of enforcement procedures to collect arrear prospecting fees	N/A	100%	23%	100%	100%	0%	

Branch: Mineral Regulation								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Monitoring and enforcement of compliance	Number of environmental compliance inspections conducted	1 856	1 889	1 465	1 275	1 583	308	There were a number of applications for closure certificates and they warranted inspections before recommending closure in order to check whether the area(s) were rehabilitated to the satisfaction of the Department.
Improvement of turnaround time	Percentage adherence to prescribed timeframes	70.4%	71.8%	49.0%	70%	23%	-47%	The Branch is addressing a backlog of applications.
Promotion of corporate governance	Percentage implementation of Management Action Plan (internal audit)	100%	198%	50%	100%	50%	-50%	Implemented three out of six action plans, of which the implementation date of the other three were revised to the end of Quarter 2 of the 2018/19 financial year, so the implementation percentage is 50%.
	Percentage implementation of Management Action Plan (external audit)	100%	100%	100%	100%	100%	0%	
	Percentage adherence to compliance framework	100%	100%	100%	100%	100%	0%	
	Percentage implementation of risk management plans	94%	100%	100%	100%	88%	-12%	Not achieved due to updating of revenue system interest calculator being unavailable during Quarter 2.

Strategy to overcome areas of underperformance

- **Number of jobs created through mining:**
Due to the current economic situation, the creation of jobs has been affected in the mining industry. The Department has no control over job creation.
- **Number of SLP development projects implemented:**
The branch is awaiting the approval of a delegation for amendments of SLPs in terms of Regulation 44.
- **Percentage of approved SLPs published:**
The Branch has finalised modalities on how approved SLPs will be published and made available to the communities and the public, and is awaiting the finalisation of the MPRDA regulations to be able to implement this measure.
- **Percentage of compliance by the mining industry:**
The Branch is in the process of procuring a measuring tool that will measure the compliance of the mining industry.
- **Percentage of administrative fines issued:**
The Chief Director: Enforcement and Compliance has engaged the Department of Environmental Affairs and the updated Regulation 24(G) calculator has been made available.
- **Percentage adherence to prescribed timeframe:**
The Branch has developed a project plan to ensure the timeous processing of applications as this will improve turnaround times.
- **Percentage implementation of Management Action Plan (internal audit):**
Management will improve timeously to respond to all findings and ensure that all management actions are attended to and finalised.

Linking performance with budgets

Sub-programme expenditure

Mineral Regulation	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over-)/under-expenditure	Final appropriation	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Mineral Regulation and Administration	202 270	202 178	92	189 809	189 778	31
Management Mineral Regulation	15 119	14 923	196	17 163	15 775	1 388
South African Diamond and Precious Metals Regulator	65 865	65 865	–	53 205	53 205	0
Petroleum Agency South Africa	87 138	87 138	–	–		
Total	370 392	370 104	288	260 177	258 758	1 419

4.5 Programme 4: Mineral Policy and Promotion

Purpose

To develop mining, minerals and upstream petroleum industries' policies and promote the investment and development of these industries.

Sub-programmes

- Mining and Mineral Policy: Develops new policies, reviews existing policies and amends legislation to promote investment growth and achieve transformation in the minerals and mining industry
- Mineral Promotion and International Coordination: Promotes mineral development and advises on trends in the mining industry to attract additional investment locally and internationally through global and regional relationships
- Economic Advisory Services: Undertakes macroeconomic research and analysis to inform the executive management of the Department, as well as to support political principals in their engagements with industry stakeholders
- Mine Environmental Management: Provides strategic guidance on mine environmental management and mine closure issues, including the management of derelict and ownerless mines

Strategic objectives

- Facilitation of transformation in the mining and minerals sector
- Promotion of investment in the mining sector
- Management and implementation of mineral resources diplomacy with other countries and institutions
- Promotion of sustainable resources use and management
- Development and review of internal processes
- Improvement of turnaround times
- Promotion of corporate governance

Strategic objectives, performance indicators, planned targets and actual achievements

Shale gas

Through its state-owned agencies, CGS and PASA, DMR has been conducting the Karoo Deep Drilling (KDD) and Geo-Environmental Baseline programme. This programme is based in Beaufort West and seeks to better understand the potential impact of geo-resource exploration activities (minerals, gas, deep groundwater, and geothermal)

on the Karoo geo-environment. It is anticipated that the information and data gathered through this study will further inform the augmentation of regulatory instruments and the monitoring of shale gas operations.

The research project aims to cover various environmental impacts that are of public concern and measure the gas content from the deep borehole. The research commenced with a baseline study being conducted. The next phase, the drilling of boreholes, has commenced with the drill site being identified and secured. The drilling process for monitoring wells and drilling a deep borehole well for the environmental baseline is underway. Five boreholes have been drilled, all of which resulted in the uncovering of a substantial amount of fresh water resources contained in aquifers that lie deeper underground than normal. The water was tested and found to be of good quality. The highest-yielding borehole has been pump-tested and handed over to the municipality of Beaufort West, which was in urgent need of water resources due to the drought in the area. Recommendations have been made from the results of the pump tests conducted, in which it was discovered that 691 200 litres of water can be made available to the municipality per day, and 20 736 000 litres of water per month from one borehole. Pump tests are being conducted on the other boreholes as well.

As part of the Hydraulic Fracturing Monitoring Committee (HFMC), an interdepartmental committee led by DMR, the Department of Science and Technology commissioned a study to conduct an assessment of the technical readiness of South Africa to support the shale gas industry. This study was concluded, and one of the recommendations was the hosting of a shale gas conference. This conference was held at the Boardwalk Conference Centre in Port Elizabeth from 31 August to 1 September 2017. The final report and recommendations from the conference are being consolidated for presentation to the HFMC to take the matters forward, particularly the implementation plan of the recommendations made.

Small-scale mining

Small firms and entrepreneurs are of vital importance for the economic development of South Africa. This is evident in the focus on government's attention to small firms and entrepreneurs. Small and medium enterprises (SMEs) have been identified as productive drivers of inclusive economic growth and development in South Africa and around the world. Through the small, medium and micro enterprise (SMME) support programme, the DMR has undertaken to identify policy bottlenecks encountered by SMEs and to suggest possible solutions to overcome the identified limitations.

For the 2017/18 financial year, the performance of the Small-scale Mining Directorate included the provision of assistance to 133 start-up prospects in relation to an annual target of 80 SMMEs. The demand for support from SMEs remains high as small and junior mining is the preferred entry point into the sector. The challenges for the small-scale miners include meeting regulatory requirements, access to finance, access to market and skills development.

Beneficiation

The beneficiation strategy identified the need to strengthen the provisions of the MPRDA for beneficiation to ensure the security of mineral supply

and also the need to leverage the procurement capacity of the domestic mining sector to drive demand for locally manufactured mining goods.

To this end, the Branch has begun work in anticipation of implementing the strengthened provisions of beneficiation of the MPRDA Bill by identifying minerals critical for national developmental imperatives and the qualities and quantities that would be required of these minerals. It is expected that undertaking this work will accelerate implementation of the beneficiation provisions of the MPRDA Bill, thus implementing one of the key beneficiation strategy interventions intended to drive security of mineral supply, and ultimately contribute to job creation.

PROGRAMME 4: MINERAL POLICY AND PROMOTION

Branch: Mineral Policy and Promotion								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Promote investment in the mining sector and upstream petroleum sectors	Number of publications (cumulative)	15	14	23	12	14	2	Achieved: 14 documents have been completed. The consistent trend is due to the commitment of the team and innovation, where possible, to make up for shortfalls. The plan to meet targets is regular evaluation of progress, reprioritisation and hard work.
	Number of investment promotion events, forums and workshops (cumulative)	N/A	N/A	60	55	56	1	Overachieved due to an increased need for advocacy and information-sharing with communities.
	Percentage implementation of Operation Phakisa's Plan for the Ocean Economy	N/A	100%	100%	100%	80%	-20%	The Department will continue working with PASA to achieve its intended objective.

Branch: Mineral Policy and Promotion								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Promote investment in the mining sector and upstream petroleum sectors	Number of SMMEs supported (cumulative)	87	125	103	80	96	16	Over-achieved due to requests from the public for support.
	Number of social dialogues with stakeholders (including the President-led Framework and Mining Industry Growth, Development and Employment Task Team (MIG-DETT)) (cumulative)	8	9	8	4	4	–	
	Percentage implementation of shale gas action plan instruments	N/A	N/A	100%	100%	100%	0%	
	Development of a minerals and petroleum investment promotion strategy	N/A	N/A	N/A	1	1	–	
	A report identifying minerals as critical for national developmental imperatives	N/A	N/A	N/A	1	1	–	
	A report detailing mineral input quantities and qualities that are required for prioritised value chains	N/A	N/A	N/A	1	1	–	



Branch: Mineral Policy and Promotion

Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Manage and implement minerals resources diplomacy	Number of international strategic partnerships implemented	N/A	N/A	7	3	3	–	
	Number of technical partnerships implemented with SOEs and governmental organisations (cumulative)	3	5	5	5	5	–	
Promote sustainable resource use and management	A review of Department Environmental Management Plan	N/A	N/A	1	1	1	–	
	Number of reports developed on mine closure, and derelict and ownerless mines	N/A	N/A	4	4	5	1	Over-achievement due to additional study carried out to augment the current knowledge and practises in mitigating the high risk posed by derelict and ownerless sites.
	Number of derelict and ownerless mine sites rehabilitated	50	50	45	45	43	-2	Not-achieved: 43 derelict and ownerless sites were rehabilitated. The two outstanding sites had challenges. Balmora Shaft: A child fell in over a year ago and could not be recovered. The family has now been given permission by the municipality to perform their rituals before the closure process can proceed. Hyper Shaft: Rehabilitation: Work was stopped at this site due to unstable ground.

Branch: Mineral Policy and Promotion								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Promote sustainable resource use and management	Number of mine environmental management tools developed	N/A	N/A	N/A	3	3	–	
Integrated and aligned environmental efforts	Number of engagements with relevant departments	N/A	N/A	N/A	4	4	0	
Facilitate transformation in the mining and minerals sector	Number of legislative instruments developed, reviewed and amended	4	2	4	5	1	-4	Not achieved: only one legislative instrument has been reviewed. The Branch did not perform as per the target as the finalisation of the other legislative document is dependent on the outcomes of the Mining Charter. The President of the country directed that the gazetted Charter be reworked.
Develop and review internal processes	Number of internal business processes developed or reviewed	2	1	1	1	1	0	
Improvement of turnaround time	Percentage adherence to timeframes	100%	97%	100%	95%	100%	5%	Over-achieved due to the Branch paying more attention to ensuring that the timeframes are adhered to.
Promotion of corporate governance	Percentage implementation of Management Action Plan (internal audit)	100%	100%	100%	100%	100%	0%	
	Percentage of fully implemented, agreed upon management action plans (external audit)	100%	100%	100%	100%	100%	0%	



Branch: Mineral Policy and Promotion								
Strategic objective	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Promotion of corporate governance	Percentage adherence to compliance framework	100%	100%	100%	100%	100%	0%	
	Percentage implementation of risk management plans	88%	100%	78%	100%	100%	0%	

Strategy to overcome areas of underperformance

The Branch did not achieve on two of its measures: number of legislative instruments developed, reviewed and amended, and number of derelict and ownerless mines rehabilitated. There is currently no mitigation against this measure as the gazetted Mining Charter had to be withdrawn and redone on the President's directive. None of the other documents can be concluded if the Mining Charter is still outstanding.

With regard to the number of derelict and ownerless mines rehabilitated, the Branch has to strengthen its management and monitoring of the SOEs who provide rehabilitation services.

Linking performance with budgets

Sub-programme expenditure

Mineral Policy and Promotion	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over-)/under-expenditure	Final appropriation	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	25 121	23 934	1 186	26 546	26 409	137
Mineral Policy	18 299	18 223	76	28 195	28 087	108
Mineral Promotion and International Coordination	43 879	43 869	10	49 496	48 769	727
Assistance to Mines	–	–	–	–	–	–
Council for Geoscience	366 988	366 988		378 598	378 598	–
Mintek	367 256	367 256		356 416	356 416	–
Economic Advisory Services	3 718	3 388	330	4 632	4 019	613
Mine Environmental Management	17 203	17 203	408	11 781	9 438	2 343
Total	842 464	840 454	2 010	855 664	851 736	3 928

5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity
Mintek	Fundamental research and development in efficient mineral processing technologies and value-added products and services.	R367 256	R367 256
South African Diamond and Precious Metals Regulator	- To ensure competitiveness, sustainable development and job creation in the diamond and precious metals industry - To ensure the effective transformation of the diamond and precious metals sectors. - To ensure equitable access to resources for local beneficiation - To ensure compliance with the legislative requirements - To improve organisational capacity for maximum execution for excellence	R65 865	R65 865
Mine Health and Safety Council	Various services are provided by the entity. The major services are the following: - Advising the Minister of Mineral Resources on occupational health and safety in the mines - Promoting a culture of health and safety in the mining industry - Advising the mining industry through the Minister of Mineral Resources	R6 162	R6 162
Council for Geoscience	To gather, compile, develop and publish world-class geoscience data, knowledge and products, and to render geoscience-related services to the South African public and industry.	R366 988	R366 988
State Diamond Trader	To provide equitable access to the diamonds of the Republic and to promote the diamond beneficiation industry	–	–
Petroleum Agency South Africa	- Promote onshore and offshore exploration for, and production of petroleum - Receive, evaluate and make recommendations to the Minister on applications for reconnaissance permits, technical cooperation permits and exploration and production rights for petroleum - Monitor and report to the DMR in respect of compliance with such permits or rights - Receive, maintain, store, interpret, evaluate, add value to and disseminate or deal in all geological or geophysical information relating to petroleum	R87 138	R87 138

5.2 Achievements of the public entities

5.2.1 Council for Geoscience

The strategy of the CGS focuses on an integrated and multidisciplinary geoscience mapping programme that is streamlined with all other activities coordinated around this programme.

The strategy aims to enhance the map coverage of South Africa's land surface at a greater level of detail, not only geologically, but also geophysically, geochemically and geotechnically, to produce a new generation of more detailed maps to serve as a base to advise the state and various stakeholders, including the public. Marine geoscience mapping also features prominently, in line with the objectives of Operation Phakisa: Ocean Economy. The CGS attained an overall performance above 88% for the 2017/18 financial year.

In driving and delivering on its mandate, the CGS has performed very well in implementing several projects of strategic significance to South African society. The key benefit of undertaking the integrated and multidisciplinary approach in conducting research at the CGS was evident during the environmental baseline investigations conducted in the southern Karoo near Beaufort West. During this study, the CGS made a groundbreaking impact on South African society by discovering water in this Karoo town during research studies on the Shale Gas Project. Two boreholes gave high water yields of 8 litres per second and 5 litres per second respectively. The water was intersected at depths greater than 165 m, and the combined yield of the two boreholes is about 33 million litres per month of potable water supplied to over 45 000 people in Beaufort West. The discovered water was estimated to translate to a monthly value of R984 500 (about R11.81 million per year based on a rate of 29.8c per kilolitre for Level 6 water restrictions). On 13 February 2018, the CGS, together with the DMR, handed the two boreholes over to the Beaufort West Municipality.

The CGS also made significant progress with a number of technical projects, including the rehabilitation of derelict and ownerless mines, the assessment of uranium and thorium resources, strategic mine water management, and off-shore mapping that is supportive of Operation Phakisa and the Blue Economy Development programme.

The CGS continues to refocus on its mandate and continues to acquire new, multidisciplinary data. This has resulted in new external collaborations and partnerships and the development of additional world-class publications. More than 90 publications were produced during the 2017/18 financial year.

5.2.2 South African Diamond and Precious Metals Regulator

Establishment and approval of the SADPMR Beneficiation Strategy

The SADPMR is legislatively mandated to promote beneficiation in the downstream diamonds and precious metals industries. In implementing this mandate, the SADPMR has since produced a SADPMR Beneficiation Strategy with the following aims:

- Give effect to the beneficiation strategy for the South African minerals industry as far as it relates to the diamond and precious metals value chains.
- Strengthen the implementation of the provisions in the Diamonds Act, 1986, the Precious Metals Act, 2005, and the Diamond Export Levy Act, 2007, relating to the promotion of equitable access to and local beneficiation of South Africa's diamonds and precious metals.
- Endeavour to coordinate and streamline beneficiation promotion efforts with that of the DMR, the Department of Trade and Industry, Mintek and the SDT.
- Develop and implement efficient and coordinated regulatory services that facilitate access to the industry to address past imbalances

Established beneficiation projects to address the decline in the beneficiation industry (diamond and precious metals)

With a declining beneficiation industry, the SADPMR realised that, in promoting beneficiation, it was not enough to just issue beneficiation licenses, as the industry remains untransformed. The SADPMR then focused on establishing a project that would bring new HDSA entrants into the diamonds and precious metals beneficiation industry. A special focus was placed on targeting new entrants from mining communities, who, despite sharing their land with producers of diamonds and precious metals, remain poor and unemployed. The SADPMR therefore targeted the old mining town of Virginia in the Free State. The area falls within the Welkom Goldfields, which produced a remarkable amount of gold over a number of decades since the late 1950s. However, due to the large-scale closure of the mine, the situation is bleak and the area is becoming a "ghost town".

HDSA companies that are specifically from the area were invited to apply and receive training in diamond beneficiation and jewellery making in Johannesburg, Gauteng. Once they had completed their course, the graduates could apply for diamond beneficiation licences and jewellery permits. The new license holders would then be placed in the Virginia Jewellery School and be part of the new Mass Production Factory that would

be established by the school. Once placed in the school, the license holders would be able to carry out the orders on behalf of the school as subcontractors. Based on the success of this project, the SADPMR will expand to other mining towns in other provinces. These projects will create jobs and skills, and introduce HDSAs to the diamond and precious metals industries.

Provision of technical training to the Central African Republic to assist with their compliance with the Kimberley Process Certification Scheme

South Africa, through the DMR, concluded a Memorandum of Understanding (MoU) with the government of the Central African Republic (CAR), which is represented by the Department of Mines in the CAR. The purpose of the MoU was to strengthen relations between South Africa and the CAR, with the aim of fostering trade agreements in strategic mineral resources that could benefit the economy of both countries. One of the main challenges of the CAR was compliance to the requirements of the Kimberley Process Certification Scheme (KPCS) in facilitating diamond shipments, which ultimately led to the suspension of diamonds in the CAR in 2014.

In implementing the provisions of the MoU, South Africa, through the SADPMR, provided government officials of the CAR with training in

diamond valuation and the licensing framework. The training resulted in an improved coordination of diamond shipments in accordance with the KPCS. It also led to 11 zones being declared KPCS-compliant.

Compliance with the requirements of the KPCS will enable the CAR to trade their diamonds on a broader scale, and will expose the country to an international market, including South Africa, with the prognosis of improving Intra-Africa trade.

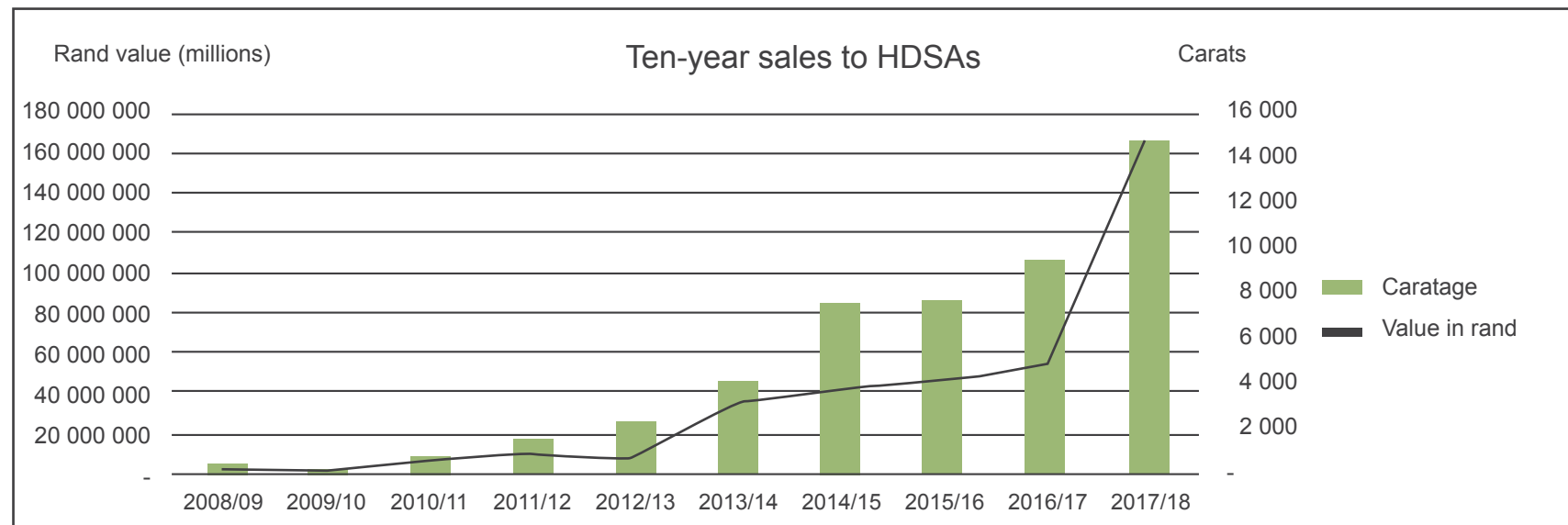
5.2.3 State Diamond Trader

Transformation in the diamond industry

The year 2017 marked the entity's 10th year of operation. Its 10-year anniversary offered an opportunity for introspection and to plan ahead for the next decade. In celebration of this important milestone, the entity took the opportunity to review its sales to HDSAs, which related directly to its mandate of equitable access to rough diamonds.

A lot has yet to be achieved in the growth of the diamond beneficiation industry. However; statistics indicate a positive upward trend, as can be seen in the graph below.

Sales to HDSAs from 2008 to 2018



	2017/18	2016/17	2015/16
SDT inspection US\$*(US\$'000 000)	1 216	1 144	970
Carats inspected	10 012 744	8 994 894	7 726 850
US\$ per carat	122	127	126
Number of producers	16	12	14
Number of inspections	126	117	136
SDT purchases ZAR (R'000 000)	742	694	450
Percentage purchased	4	4%	3%
Number of purchases	67	60	61
SDT sales ZAR (R'000 000)	769	722	460
Cost of goods sold	741	698	447
Gross margin	27	24	13
Gross margin percentage	4%	3%	3%
Carats	116 351	178 052	158 128
Number of clients sold to	42	46	47
SDT stock ZAR (as of 31 March)	20	20	24
Average of stock (days)	300	300	300

Enterprise Development Programme

The SDT continues to facilitate the Enterprise Development Programme (EDP) in partnership with industry stakeholders. By the end of December 2017, the programme had seven groups with 27 trainees registered. In March 2018, the first group that had completed the three-year training with the entity and the participants were placed with clients for further training and development, while the entity operationalised its strategy, which was aimed at having the participants start their own diamond beneficiation businesses. At least eight participants were sent to India for diamond beneficiation training in partnership with KGK Diamonds (Pty) Ltd. One black female participant has started a diamond beneficiation business, while another has joined a mining business in Limpopo as a shareholder.

Hong Kong National Pavilion

The entity continued to fly the South African flag high through its facilitation of the National Pavilion at the Hong Kong Jewellery and Gem Fair. The entity attended the Hong Kong Fair for the first time in four years in 2017

together with its clients, without the assistance of the partners that had been its pillar of strength in this respect for at least four years.

The objective of attending the fair is to expose the STD's clients to international markets for polished diamonds.

Participation in the fair was a great success. Clients reported to have significantly increased sales volumes at the show in 2017.

5.2.4 Mine Health and Safety Council

Mine Health and Safety Regulations

During the 2017/18 financial year, regulations were recommended for the Minister's approval and promulgation as outlined below.

- Explosives Chapter 4 of the MHSA Regulations*: Recommendations were made on how to deal with the regulatory impact and unintended consequences, including possible amendments to the regulations and

differing requirements in relation to different types of mining methods, types of mines, types of explosives, types of commodities and types of risk profiles.

- (b) *Vessels Under Pressure Chapter 8*: The “Vessels Under Pressure” Regulations were developed to incorporate the prescriptive parts of Chapter 22 and Chapter 23 of the Minerals Act, 1991 (Act No. 50 of 1991).
- (c) *Regulations as a minimum standard*: The manufacturers’ responsibilities were reviewed with regard to storage devices. Research conducted by the Department of Labour relating to vessels under pressure was considered.

Guidelines for the management of occupational health and safety on the mines

The following mandatory guidelines for promulgation by the CIOM were recommended:

- (a) *Guideline for the Compilation of a Mandatory Code of Practice to Mitigate Geotechnical Risk in Mines*: This guideline will contribute significantly to managing risks related to fall-of-ground accidents and seismicity. These types of risks have started to show an upward trend when analysing the safety performance of the past 10 years.
- (b) *Guideline for Compilation of a Mandatory Code of Practice for the Management of Self-contained Self-rescuers (SCSRs) in Mines*: In the case where irrespirable atmospheres may occur in the aftermath of unwanted events, the use of SCSRs should be considered as a mitigating measure. Chapter 16.2 of the MHSAP provides clear guidance as to which classes of mines or instances where the use of SCSRs are deemed mandatory. These guidelines provide practical guidance on the implementation of regulations relating to the management of emergencies in irrespirable underground atmospheres.
- (c) *Guidance Note on Medico-Legal Investigations of Mine Deaths*: The Guidance Note originates from the need to provide clarity on the process that must be followed for deaths that require a medico-legal autopsy. It is intended to assist and give guidance to all stakeholders regarding their roles and responsibilities in case of an unnatural and/or uncertain mine death. This Guidance Note also sets out good practice and should be read in conjunction with the current and relevant regulatory framework on medico-legal postmortem investigations, and does not constitute a specific and/or separate protocol. Stakeholders are advised to make full use of this document, which represents the collective efforts of various stakeholders.
- (d) *Guideline for the Compilation of a Mandatory Code of Practice for Risk-based Emergency Care on a Mine*: The numerous risks associated with

work at a mine may lead to various incidents, ranging from relatively minor to major injuries and disasters at a worksite. Injuries may lead to complications if the required emergency care is not rendered to the injured persons timeously. The aim of this guideline is to provide a framework to assist the employer of every mine to prepare a risk-based Code of Practice (CoP) on emergency care at the mine.

Policies and other advisory notes to the Minister of Mineral Resources

The MHSC advised the Minister on the following research outcomes:

- (a) Advisory Note to the Minister minimising seismic risks in the Bushveld Complex Platinum mines.
- (b) Advisory Note on developing methodologies for determining maximum bord widths applicable to platinum and chrome mines in the Bushveld Complex.
- (c) Advisory Note on the development of a South African Minimum Standard on ground vibration, noise, air blast and fly rock near surface structures to be protected.
- (d) Policy on the Integrated Management and Reporting for HIV, Aids, TB and Occupational Lung Disease (HATOLD).
- (e) Advisory Note on the development of a comprehensive compensation system for the South African mining industry.
- (f) Advisory Note on data analysis on the extension of mine health care services.
- (g) Advisory Note on the rehabilitation of mineworkers injured in the line of duty.

Implementation of the Centre of Excellence to improve the efficiency and effectiveness of the MHSC

The Council approved the Centre of Excellence (CoE) Phase 1 implementation plan in November 2016. The business plan required the following initiatives be implemented for the CoE to be operational. The implementation plan included those activities that have been implemented by management.

- (a) *Organisational design*: The MHSC organogram was revised to include the new positions within the CoE, which have since been filled. Capacitation plans are being developed and are currently being implemented.
- (b) *Governance*: The terms of references for the MHSC advisory committees were revised and approved by Council and the Advisory Committee members were inducted into new processes and procedures in discharging their duties.
- (c) *Processes and systems*: The research management and supply chain management processes were reviewed and implemented for

alignment with the CoE's processes. A policy on Intellectual Property was also developed as part of the commercialisation and dissemination of research outcomes.

- (d) *Communication and change management*: A communication strategy was developed and implemented targeting different stakeholders, both internal and external, to ensure the smooth operationalisation of the CoE within the MHSC.
- (e) *IT services and infrastructure*: An IT gap analysis was conducted and the MHSC will procure the additional IT system that is required in the 2018/19 financial year.

Provision of seed funding to improve mining industry research infrastructure and testing facilities

The CoE is now operational and is providing its key responsibility of ensuring that research projects are delivered with maximum efficiency and the dissemination of the research outcomes to the mining industry is enhanced. This will contribute immensely to the envisaged positive impact in the mining industry.

Another leg of the CoE is the provision of seed funding to institutions partnering with the MHSC, such as the University of Pretoria, University of the Witwatersrand, National Institute of Occupational Health (NIOH) and the Council for Scientific and Industrial Research (CSIR).

These institutions will support the CoE by conducting high-impact research on occupational health and safety, and provide laboratory testing and relevant services required by the South African mining industry. In line with the service-level agreements and period of contracts, the CoE partners will submit quarterly reports to the MHSC to monitor implementation of the projects and allow for an assessment of return on investment.

Promotion of a health and safety culture in the mining industry

During the 2017/18 reporting period, the MHSC continued its efforts to facilitate the promotion of a health and safety culture in the mining industry through the completion of the following activities:

- (a) Annual programme of campaigns developed and implemented to popularise the pillars of the MHSC Culture Transformation Framework (CTF).
- (b) Developed and implemented a programme of campaigns to deal with women in mining.
- (c) Developed and implemented a programme to deal with the right to refuse dangerous work at the regional tripartite forums in collaboration with DMR policy developers.

- (d) Developed a fully inclusive modern information system to monitor summit milestones, initiatives and targets (milestones reporting system).

To address the scourge of HIV and TB in the industry, the MHSC annually hosts commemoration events to raise awareness on these diseases among mineworkers and surrounding communities. These events are further meant to foster a healthy lifestyle in the South African mining industry.

5.2.5 Council for Mineral Technology Research

Sustainable development and mine rehabilitation

Sustainable development remained a critical focus area for Mintek during the year. Mintek ran a successful demonstration in Randfontein showcasing the efficacy of a cocktail of Mintek's home-grown technologies in the treatment of highly polluted waste water. The site was selected because of the high uranium content in the waste water that presents a major health and environmental hazard if left untreated.

The year under review saw Mintek's research programme enter the final phase of optimising the recycling of reagents, with an intention to improve the economic viability of Mintek's technologies. Mintek pilot-tested a different method at a coal mine in Mpumalanga, and continued the development of another method that uses nanotechnology to remove metals and bacteria in drinking water.

Mintek continued to operate as an implementing agent for the DMR's Derelict and Ownerless Mine Rehabilitation Programme to reduce potential hazards for the communities that live around these mines.

Notable achievements related to the programme during the past year include the following:

- Commencement of work on four projects in the Streatham Valley in the Penge area of Limpopo, the biggest asbestos rehabilitation project conducted to date, creating work for more than 160 people.
- Completion of the designs and tender specifications for a further five projects, of which four are in Limpopo (Steelpoort, Penge Village, Lagerdraai and Uitkyk) and one is in Mpumalanga (Msauli). Two of these (Steelpoort and Msauli) commenced the tender processes.
- Completion of the field investigations and scoping reports for 61 medium-risk asbestos sites remaining on public land to enable future risk ranking and prioritisation.

Small business development

Mintek's mandate includes playing a key role in research, the development of technologies and the beneficiation of South Africa's mineral resources. Throughout the year, Mintek remained mindful that it discharged this mandate in a way that makes a difference to the lives of ordinary South Africans. As a result, Mintek facilitated the creation of four new economically sustainable businesses and 42 new jobs during the period under review.

These are community members that would otherwise have remained unemployed. The principle that Mintek uses is to assist communities in order to create sustainable incomes where communities have organised themselves to exploit resources available in their environment. Mintek provided guidance and support in projects specialising in the manufacture of glass beads and created jobs for previously unemployed youth within the community. Mintek also assisted cooperatives that were established by like-minded members of a community to mine and beneficiate clay so that they could create saleable products. The small businesses are supported and assisted not only with training, but also to gain access to raw material, product development and marketing. It is in these types of interventions that Mintek intends to scale up its reach and impact. Mintek intends to increase its technical support to artisanal, and small- and medium-scale operations in the treatment of various ferrous metals, so that they can increase their productivity and generate more revenue.

People development

During the period under review, 82 students participated in different work-integrated learning programmes funded and supported by Mintek, the MQA, the National Research Foundation and the South African Agency for Science and Technology (SASTA). Both the professional development programmes and the work-integrated learning programmes are examples of the success that can be attained if state entities collaborate for the benefit of the country, and for the beneficiaries of the programmes, which would otherwise not have obtained enriching experiential learning opportunities. Programme participants not only obtain an opportunity for practical learning experience, they also stand to be the first people to be considered for employment, should entry-level positions become vacant.

Mintek's artisan learnership programme is a unique initiative that is both an employee development and a pipeline development programme. It emerged from a history where it was solely focusing on "growing our own timber", but has since been extended to include external participants. The motivation for extending the reach of the programme was primarily to recruit females into a field that had previously been dominated by males.

During the year under review, the programme enrolled 14 learner-artisans. Of the 14 learners (eight internal and six external), six were female. Three internal learners completed their programme. Mintek also awarded 31 full-time bursaries. Some highlights included the increased number of female bursars to 68%, as well as 93% of the awarded bursaries being from the previously disadvantaged groups, and 18 undergraduate and 13 postgraduate students benefitting from the full-time bursary scheme.

Technology development

Nanotechnology

The Water Unit of the DST/Mintek Nanotechnology Innovation Centre at Mintek continues to develop novel membrane materials and adsorbent composites for water treatment and wastewater remediation. The Water Unit intensified its technology demonstration programme by conducting medium-term piloting of its technologies on the treatment of acid mine drainage or mining effluent and car wash effluent. These assessments showed an upgrade of the water quality to levels that show potential for reuse in various applications.

The Sensor Nanotechnology Unit at Mintek develops electrochemical sensors that are easy to use and do not necessarily require skilled personnel, and that are robust in that they can be used in remote areas where sophisticated storage equipment is not available, portable and affordable. The Unit has developed a glucose sensor that uses nanoparticles that are produced in-house instead of enzymes used in the traditional sensors, and in-house produced screen-printed electrodes that form the base of the sensors. The Unit is busy working on fine-tuning the sensor to function in the presence of other interfering biological species.

Physical metallurgy

Mintek's Physical Metallurgy Group executed about 250 projects in the service of the South African metals-related industries. These ranged from small projects (~R10 000), usually provided to small- and medium-sized clients, to large projects (~R200 000), carried out on behalf of big clients, such as well-established mining houses. The large projects, in particular, emanate from the local industry, as well as large firms from SADC and Economic Community of West African States (ECOWAS) countries such as Ghana.

Other developments

A new discovery that was patented was the production of MgCO_3 from the beneficiation of mining-related waste. The patent creates a potential

opportunity for Mintek to fill a niche gap in the market with the potential added advantage of being able to reuse waste CO² and produce cleaner waste effluent due to the concomitant removal of contaminants through precipitation.

During the year, Mintek launched the electron microprobe that it had recently acquired. This is a state-of-the-art microscope designed primarily to measure the mineral compositions of the polished surfaces of samples such as rocks, concentrates, metals, alloys and waste. This technology allows Mintek to determine the distribution of both valuable and penalty elements that are crucial in mineral beneficiation. This new instrument will assist Mintek in addressing challenges that lead to the inefficient use of natural resources, as well as environmental waste.

Mintek concluded the development of an integrated financial model for the South African Centralised Refinery (SACREF) Rare Earth Elements (REE) concept. This model incorporates capital and operational financial provisions, off-take, as well as feed supply models and can be used to evaluate different concept configurations for a centralised REE refinery in South Africa.

Mintek continued its work in the fuel cell space under the Hydrogen South Africa (HySA) programme. During the year, a second catalyst, HySA-V40, was successfully scaled to 1 kg per batch and the material validated. In addition, the preparation of graphitised Vulcan carbon support was scaled to 1.2 kg per batch and a development batch of HySA-GV40 catalyst has been prepared to validate the support at this scale of production. These are major developments that will have a significant impact on South Africa's HySA programme.

5.2.6 Petroleum Agency South Africa

During the year under review, PASA hosted a successful transformation colloquium that was informed by the imperative to advance substantial and meaningful participation by HDSAs in the upstream oil and gas sector, as required by section 2(d) of the MPRDA. The colloquium identified a lack of

financial resources by HDSAs as a significant barrier to entry. To that end, PASA intends to host a panel-based transformation colloquium during the next financial year, where innovative ideas will be canvassed from broad-based stakeholders to tackle access to financial resources by HDSAs.

Technical work on offshore resources continued to focus on the long-term basin analysis projects being carried out. These projects are concerned with the geological and geophysical understanding of the geological basins of South Africa. Both the Gamtoos Basin Analysis Project and the East Coast Basin Analysis Project were completed during the period under review, with the production of externally reviewed, published electronic documents. Technical work resulting from these major projects was presented at the annual conference of the European Association of Geoscientists and Engineers, as well as at the conference of the South African Geophysical Association, where work from the Gamtoos Project was awarded best poster award. PASA's project on unconventional resources produced a new technical poster on the assessment of the shale gas potential of the Karoo, and two new information atlases were completed. A map of the coal bed methane potential of the Tuli Basin was also published. Technical papers on shale gas and coal-bed methane were presented at the international conference of the American Association of Petroleum Geologists (AAPG), the AAPG Unconventional Gas Workshop and the Fossil Fuel Foundation's Sustainable Energy Conference.

Technical data and records management software applications and systems were monitored and upgraded to ensure that the data management infrastructure remained optimised for database capture, maintenance and data supply functionality. Disaster recovery procedures have been maintained, while the project archive records system (PARS) was upgraded and 354 interpretation projects were successfully archived. Other technical data received from stakeholders has also been catalogued and indexed, including interpretive results, monthly and quarterly reports from operators and license holders, seismic acquisition and processing reports, field and processed data for various geophysical surveys, gravity and magnetic processed data, reports received for various recently acquired surveys, and research reports from various students and academic institutions.

5.3 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Department comply with section 38(1)(j) of PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
None						

The table below reflects the transfer payments that were budgeted for in the period 1 April 2017 to 31 March 2018, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
None				

5.4 Capital investment, maintenance and Asset Management Plan

The Department has managed to implement all the elements of the departmental Asset Management Plan. During the year under review, 65% of the total disposed assets were scrapped due to damages that were beyond repair; 35% were donated to educational institutions as prescribed by the departmental Asset Management Policy; and 3% was as a result of losses that were investigated and action taken where necessary.

The Department has control measures in place (monthly reconciliation, and quarterly and annual asset verification) to ensure that the asset register is kept up to date. The DMR maintains an asset register on which 48% of the assets are in good working condition, and continues to advance the strategic objectives of the Department; 45% is in a fair condition and can still be used to carry out the mandate of the Department; and 7% is declared to be in a poor condition and will be disposed of.

Infrastructure projects	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over-)/under-expenditure	Final appropriation	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	11 614	11 614	–	10 868	9 766	(1 102)
Total	11 614	11 614	–	10 868	9 766	(1 102)



I. INTRODUCTION

The maintenance of an effective, efficient and transparent system of financial, risk management and internal control is the foundation of a well-governed and controlled organisation.

Good governance plays a critical role in ensuring accountability in the use and management of state resources. It also leads to better decisions, helps the Department to meet its legislative responsibilities and – importantly – promotes public confidence.

2. RISK MANAGEMENT

The Department has an approved risk management policy and risk management strategy in place. The purpose of this policy and strategy is as follows:

- Provide a useful framework that defines the essential tasks of risk management
- Describe the risk management process that the Department has adopted
- Obtain entity-wide consistency regarding the application of the process
- Report risks consistently across the Department
- Embed a common risk language across the Department's business
- Enable management to achieve their objectives with certainty and efficiency
- Allow management to evaluate, prioritise and address critical risks, and channel resources to these risks in mitigating their potential negative impact.

To comply with the requirements of applicable laws and regulations, as well as to ensure that the Department fosters a culture of responsible risk taking, the Department annually conducts strategic and operational risk assessment to update the risk profiles and determine the effectiveness of the risk management strategy. The risk mitigation plans are monitored on a quarterly basis by the Directorate: Risk Management. Quarterly performance reports on risk management are discussed at Management Committee (MANCO) meetings.

Governance structures within the Department (the Risk Management Committee and the Audit Committee) continue to play an oversight role in the implementation of the risk management strategy and policy.

The management of risks within the Department has translated into improvements in overall internal control and internal processes, as well as improvements in the Department's performance.

3. FRAUD AND CORRUPTION

The Department has an approved anti-fraud and corruption strategy in place. The strategy was developed in response to government's expressed commitment to combat fraud and corruption. The strategy seeks to create a culture within the Department that is intolerant to fraud and corruption or any form of unethical conduct, to strengthen the participation of employees in the fight against fraud and corruption, and to clarify the approach of the Department to fraud and corruption.

The anti-fraud and corruption implementation plan includes, but is not limited to the following:

- Conducting fraud risk assessments annually to update the fraud risk register
- Conducting investigations by a special investigation unit within Audit Services
- Developing financial and procurement policies
- Developing and implementing of human resources policies such as the gift policy, employee vetting and employee declaration
- Conducting awareness workshops to educate officials on these policies, with the policies presented during the induction programme for new officials.

The approved departmental whistle-blowing policy is also part of the strategy's implementation plan as the policy provides officials with avenues that are available to them to blow the whistle about suspected fraud and corruption in the Department. The policy also outlines the procedures once allegation of fraud and corruption have been reported. Officials are encouraged to use the fraud hotline number: 0800 701 701.

4. MINIMISING CONFLICT OF INTEREST

The Department is minimising conflict of interest by applying the Department's policy and directives from the Department of Public Service

and Administration by not recommending requests for other remunerative work where this remunerative work conflicts with the official's work in the Department or there is a potential conflict of interest

5. CODE OF CONDUCT

The Senior Management Service, as well as other designated employees (employees on salary levels 12 and 11, as well as employees in Finance and Supply Chain Management, are required, on an annual basis, to disclose their financial interests.

- All designated employees who do not comply with prescribed deadlines as per the directive of the DPSCA and the provisions of Chapter 2 of the new Public Regulations will be charged with misconduct, unless an acceptable reason can be provided for non-compliance.
- The Director-General signed a submission for the signing of a pledge of ethical conduct by all SMS members. Posters of the pledge will be placed at Head Office and at all the regional offices.
- The Director-General also signed a submission for the placement of the DMR's core values at Head Office and all the regional offices.
- A policy on gifts and other remunerative work was approved.
- The Department is also conducting regular workshops on the Code of Conduct.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

No.	Issue	Effects
1.	Lack of support from management to implement health, safety and environmental strategies	Increase in injuries and diseases, and litigations against the Department
2.	Unstable building slabs	Possible fall-of-ground incidents causing injuries
3.	Carpet odours	Respiratory diseases: asthma and others
4.	Overcrowding of offices	Communicable diseases
5.	Poor positioning of work stations (lights above work station, work stations placed opposite light entering through windows)	Ergonomic challenges caused by glare
6.	Poor or no cross-ventilation in offices	Accumulation of odours causing diseases

No.	Issue	Effects
7.	Absence of mechanical ventilation in offices with windows that cannot open	Stuffy offices
8.	Tripping hazards	Injuries from falling
9.	Poor or no anti-slip tapes	Fall from stairs
10.	Non-compliant lifts	Employees getting stuck in lifts and often poor ventilation

7. PORTFOLIO COMMITTEES

The Department had a number of engagements with the Parliamentary Portfolio Committee (PPC) on Mineral Resources and the Select Committee on Land and Mineral Resources in line with the programmes of the two committees.

The two committees engaged the Department on a range of issues, ranging from the Annual Performance Plan and the Annual Report, to the Budget Vote and other specific areas relating to the operation of the Department.

The Department endeavoured to comprehensively respond to all questions posed to the Department, and beyond the specific meeting dates, efforts were made to follow up with the Committee Secretariat to ensure that all Committee resolutions are addressed fully or form part of ongoing departmental activities aimed at ensuring that matters are resolved.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (yes/no)
None	None	N/A	N/A	N/A

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing or resolving the matter
None		

10. INTERNAL CONTROL UNIT

During the year under review, the Internal Control Unit compiled the Annual Financial Statements, quarterly financial statements, interim financial statements and monthly compliance certificates. In addition, the Unit coordinated the activities of the Auditor-General, and monitored the clearance of suspense accounts to ensure that financial periods were closed on time and properly on the system.

The Unit also conducted compliance checks on the processes of financial documents (payments and journals) with the aim of ensuring the completeness of the information captured on the Basic Accounting System (BAS) and adherence to the Department's financial delegations.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The purpose of Internal Audit is to provide independent, objective assurance and consulting services that are designed to add value and improve the Department's operations. It helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit Activity (IAA) intends to function in a manner that monitors that the following are in place:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as required.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- All the Department's assets are appropriately safeguarded and the existence of such assets, where applicable, can be verified.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently and adequately protected.
- Programmes, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the Department's control process.
- Significant legislative or regulatory issues that impact on the Department are recognised and addressed appropriately.

The primary objective of Internal Audit is to assist the Accounting Officer and the Audit Committee in the effective discharge of their responsibilities. Internal Audit will provide them with independent analyses, appraisals, recommendations, counsel and information concerning the activities reviewed, with a view to improving accountability and performance.

The IAA provides the Department with the following benefits:

- The regular presence of internal auditors helps to protect the Department's assets by deterring fraud, waste and abuse.
- Input from internal auditors helps employees improve their overall job performance and adherence to established controls.
- The IAA helps keep the Department accountable to the public by reviewing and reporting on adherence to established policies and procedures, laws, and the effectiveness, economy and efficiency of operations.

The IAA provides both oversight structures, such as the Audit Committee, and relevant parliamentary structures with the information they require to exercise their monitoring role.

Internal Audit performed the following audit work during the year under review:

- Financial audits: Chief Financial Officer Branch
- Performance audits: all branches
- Operational audits: all branches
- ICT audit: Chief Financial Officer Branch.

Key activities and objectives of the Audit Committee

The Audit Committee is a non-executive committee in an advisory capacity to the Accounting Officer, which is primarily responsible for oversight over the Department's governance, control and risk management processes.

The primary objective of the Audit Committee is to assist the senior management of the Department in fulfilling their responsibility relating to financial and operating reporting processes, the system of internal control, governance, risk management, audit processes and monitoring compliance with applicable laws, regulations, relevant prescripts and directives.

The following table discloses relevant information on the Audit Committee members and their attendance of Audit Committee meetings:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	Number of meetings attended
Ms Sakekile Baduza	- Chartered Accountant South Africa (CA(SA)) - MCom (South African and International Taxation) - BCom (Accounting Sciences) Honours and Certificate in the Theory of Accounting	External	N/A	1 November 2016	To date	4
Ms Zienzile Musamirapamwe	- MBA - Chartered Secretaries and Administrators (CSA) - Portfolio Management I and II	External	N/A	1 November 2016	To date	3
Ms Mpho Kgomongoe	BCom degree	External	N/A	1 March 2017	To date	4

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a)(ii) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all

its responsibilities as contained therein, except that it has not reviewed changes in accounting policies and practices.

The effectiveness of internal control

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the Department, revealed certain weaknesses that were then raised with the Department.

The following internal audit work was completed during the year under review:

Full audits

Information Security Management Review, ICT Service Continuity Review, ICT Change Management, Travel and Subsistence Allowance, Leave Management Audit, Procurement, Review of Inspection Process (Mineral Licenses), Rehabilitation of Derelict and Ownerless Mines, Review of Mine Safety Inspection Process, Review of the Annual Performance Plan, Quarterly Performance Information Review Quarter 1, Quarterly Performance Information Review Quarter 2, Quarterly Performance Information Review Quarter 3 and Management Performance Assessment Tool (MPAT) Review.

Follow-up audits

Auditor-General Management Letter, ICT Governance Review, ICT Incidents and Problems Management, Examinations, Quarterly Performance Information Review Quarter 1 Audit Report, Quarterly Performance Information Review Quarter 2 Audit Report.

Based on the Internal Audit Report, the following were areas of concern:

- The process for reporting standard, accurate, complete and valid performance information
- The absence of standard operating procedures and quality assurance processes
- The lack of documented IT security procedures
- Absence of standard operating procedures for ranking and prioritising sites for rehabilitation
- Lack of formalised service-level agreements in respect of contracts for the rehabilitation of derelict and ownerless mines.

In-year management and monthly or quarterly report

The Department has been reporting monthly and quarterly to National Treasury, as is required by the PFMA.

Evaluation of financial statements

We have reviewed the Annual Financial Statements prepared by the Department and provided our inputs.

Auditor-General's Report

We have reviewed the Department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters have been adequately resolved, except for the lack of the monitoring and review of logon violations, activities and access rights to the various systems.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the Report of the Auditor-General.



Sakekile Baduza
Chairperson of the Audit Committee
Department of Mineral Resources
31 July 2018



PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The information contained in this part of the Annual Report has been prescribed by the Minister for Public Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

2.1 Overview of human resources in the Department

The Chief Directorate: Human Resources is responsible for rendering a management support service to the Department. It provides services relating to organisational development, HR planning and policy, HR administration and practices, HR development, employment relations, as well as security risk management. The Chief Directorate's primary focus is on capacity building with a view to ensuring alignment between the departmental services.

2.2 The status of human resources in the Department

The filling of posts will be prioritised since a number of directorates are understaffed, which places an extra burden on other staff because of the additional workload that they must carry. Human capital is one of the most important resources any organisation can have, and if employees are happy with all or most of their working conditions, they become a valuable asset to an organisation. If they are dissatisfied, they become a huge liability. A high turnover rate results in additional costs to the Department because of advertisements and recruitment expenses, and also the loss of skilled and experienced employees. Furthermore, if a person is recruited from another province, the costs increase because of resettlement expenditure. Training costs may also escalate as new employees have to be trained. Moreover, the Department needs to show improvement as far as compliance with the Department's Employment Equity Plan is concerned.

2.3 HR priorities for the year under review and their impact

During the year under review the Chief Directorate: Human Resources committed itself to the following:

Organisational design

In order for the Department to achieve its strategic objectives, its organisational structure must be well designed and funded. Good organisational design also contributes to the success of other HR practices in the Department, such as job evaluation, training, recruitment and selection, retention and career pathing. It should be noted that, since the restructuring of the former Department of Minerals and Energy into DMR and the Department of Energy, no organisational review took place to determine the extent to which the existing structure adequately addressed the strategic and operational needs flowing from the legislative mandates. The outcome of the recent organisational functional assessment of the Department also showed a number of shortcomings that will have to be addressed over the medium to long term. The Department will continue to implement the recommendations in the organisational functional assessment, as well as the implementation of the Operations Management Framework and Methodology, as prescribed by the DPSA. To this end the Chief Director: Human Resources will assist the regional offices to standardise more of their processes to attain efficiency and effectiveness.

Organisational development

The restructuring of the Department of Minerals and Energy in 2010 brought about many changes. It must be admitted that inadequate attention to change management practices was given prior to, during and after the restructuring. Change management functions in the Department have been assigned to the Director: Organisational Development, who developed a change management strategy. It is, however, important to note that it is the responsibility of senior and executive management to change the way things are done in the Department, while the Directorate: Organisational Development provides the tools and technical support needed to bring about this change.

Employment equity

Compared to the economically active population group, progress has been slow in improving the representation of Coloured, Indian and white females in the Department. Another concern is with regard to the representation of women and people with disabilities in senior management positions in the Department. While the Department has recently re-established an Employment Equity Committee to assist it to address its employment equity gaps, affirmative action measures will have to be implemented to fast-track the representation of these designated groups in the Department.

Policy development and implementation

The Chief Directorate has contributed significantly towards policy development and implementation. Fourteen policies have been developed and implemented for the year under review.

Employee wellness

The realisation of DMR's vision, as well as the NDP 2030 goal, hinges on healthy employees. It is on this basis that the Chief Director: Human Resources will intensify the implementation of integrated employee wellness. If possible, provision will be made for the re-allocation of funding to achieve this.

Ethics

Ethical conduct and leadership have been identified as among the expectations from the side of the DMR for the growth and competitiveness of the minerals and mining industry. The Chief Director: Human Resources will inculcate ethical conduct among its employees and managers through educational efforts and appropriate systems with the potential to yield positive results. Much progress has already been made in this regard through regular communiques, workshops, the signing of a pledge of ethical conduct and demonstrating the impact of the DMR's core values on the achievement of the Department's strategic objectives.

2.4 Workforce planning and key strategies to attract and recruit a skilled and capable workforce

The filling of posts will be prioritised since a number of directorates are understaffed. This places an additional burden on other staff members because of the additional workload that they must carry. The Department will also review its HR Plan in 2018/19 to ensure that capacity is built in the Department. While a skills pipeline has been built and implemented in the Mine Health and Safety Inspectorate through learnerships and bursaries, this has to be extended to other branches as well. Internships in the line branches inadvertently focus on administrative support functions. The Chief Director: Human Resources intends to redirect the internship programme to focus on and grow the skills that are needed in line function branches.

2.5 Employee performance management

The performance of employees is monitored and assessed through the performance management system that has been developed, and no major challenges have been experienced. A new policy on performance management and development was implemented during the period under review.

2.6 Employee wellness programmes

The Department has a well-established Wellness Centre. HIV/AIDS testing and counselling, TB screening, diabetics, body mass index, hypertension and cholesterol testing were conducted, as well as training and awareness campaigns.

Achievements

The Department was 100% compliant in respect of the submission of financial disclosures for the period 2017/18. An Employment Equity Committee was established for the purpose of assisting the Department to comply with its Employment Equity Plan. An Ethics Committee was established for the purpose of assisting the Director-General to achieve his responsibilities in respect of ethics management as prescribed by the Public Service Regulations, 2016. A Policy on Gifts and Other Remunerative Work was developed.

Challenges

Budget constraints impede the filling of posts on the approved organisational structure. In the past years, the high cost of training and the inability to retain technical staff has resulted in a substantial loss of human capital investment. High levels of staff being "poached" by the industry for salaries far in excess of what government can offer were identified as a major challenge that could hamper service delivery.

Future HR Plan

The Department will continue to implement the recommendations contained in the Organisational Functional Assessment (OFA), as well as the implementation of the Operations Management Framework and Methodology as prescribed by the DPSA. Furthermore, the Department will implement a change management strategy and implementation plan upon endorsement by MANCO.

Internships in the line branches inadvertently focus on administrative support functions. The Chief Director: Human Resources intends to redirect the internship programme to focus on and grow the skills that are needed in line function branches.

An ethics strategy will be developed and implemented that is inclusive of ethics risks, as well as an action plan for the prevention of the risks identified. This strategy will ensure a high standard of professional ethics, and ensure that services are provided impartially, fairly, equitably and without bias.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel-related expenditure

Table 3.1.1: Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018

Programme	Total expenditure (R'000)	Compensation of employees expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Compensation of employees as a percentage of total expenditure	Average compensation of employees cost per employee (R'000)
Administration	336 225	170 045	4 057	1 596	51	505
Mine Health and Safety	197 495	165 879	176	469	84	619
Mineral Regulation	217 101	185 631	188	0	86	532
Mineral Policy and Promotion	106 210	66 800	328	69	63	655
Total (excluding transfers to public entities)	857 031	588 355	4 749	2 134	69	557
Total (including transfers to public entities)	1 776 685	588 355	4 749	2 134		557

Note: Compensation of employees as a percentage of total expenditure is based on the total compensation of employees expenditure divided by the total voted expenditure, which excludes transfers.

Programme 1 to 4: Total voted expenditure excludes transfers to entities; Programme 1 (MQA and households, lease); Programme 2 (MHSC); Programme 3 (PASA, SADPMR); Programme 4 (Mintek and CGS) for normalisation.

Table 3.1.2: Personnel costs by salary band for the period 1 April 2017 to 31 March 2018

Salary bands	Compensation of employees cost including transfers (R'000)	Percentage of total personnel cost for Department	Average compensation cost per employee (R)	Total personnel cost for Department including goods and services (R'000)	Number of employees
02 Skilled (levels 3–5)	49 859	6	250 548	857 031	199
03 Highly skilled production (levels 6–8)	109 932	13	379 077	857 031	290
04 Highly skilled supervision (levels 9–12)	316 933	37	720 302	857 031	440
05 Senior management (levels ≥ 13)	77 602	9	1 193 883	857 031	65
11 Contract (levels 3–5)	432	0	143 919	857 031	3
12 Contract (levels 6–8)	11 283	1	363 957	857 031	31
13 Contract (levels 9–12)	14 933	2	785 927	857 031	19
14 Contract (Levels ≥ 13)	9 099	1	1 010 987	857 031	9
Total	590 073	69	558 781	857 031	1 056

Table 3.1.3: Salaries, overtime, home owners' allowance (HOA) and medical aid by programme for the period 1 April 2017 to 31 March 2018

Programme	Salaries (R'000)	Salaries as a percentage of personnel cost	Overtime (R'000)	Overtime as a percentage of personnel cost	HOA (R'000)	HOA as a percentage of personnel cost	Medical aid (R'000)	Medical aid as a percentage of personnel cost	Total personnel cost per programme (R'000)
Administration	148 063	87	3 036	2	4 069	2	7 121	4	170 045
Mine Health and Safety	146 397	88	8	0	2 466	2	4 750	3	165 879
Mineral Regulation	159 498	86	56	0	4 811	3	9 227	5	185 631
Mineral Policy and Promotion	58 617	88	265	0	1 465	2	2 160	3	66 800
Total	512 575	87	3 365	1	12 811	2	23 258	4	588 355

Table 3.1.4: Salaries, overtime, HOA and medical aid by salary band for the period 1 April 2017 to 31 March 2018

Salary bands	Salaries (R'000)	Salaries as a percentage of personnel cost	Overtime (R'000)	Overtime as a percentage of personnel cost	HOA (R'000)	HOA as a percentage of personnel cost	Medical aid (R'000)	Medical aid as a percentage of personnel cost	Total personnel cost per salary band (R'000)
02 Skilled (levels 3–5)	37 382	79	1 678	4	2 860	6	4 929	10	47 509
03 Highly skilled production (levels 6–8)	89 949	86	971	1	4 092	4	7 451	7	104 935
04 Highly skilled supervision (levels 9–12)	281 131	88	716	0	4 508	1	9 316	3	319 810
05 Senior management (levels ≥ 13)	71 051	92	0	0	1 191	2	965	1	77 515
11 Contract (levels 3–5)	402	77	0	0	0	0	0	0	523
12 Contract (levels 6–8)	10 010	74	0	0	61	1	387	3	13 507
13 Contract (levels 9–12)	13 892	88	0	0	99	1	205	1	15 745
14 Contract (levels ≥ 13)	8 757	99	0	0	0	0	5	0	8 810
Total	512 575	87	3 365	1	12 811	2	23 258	4	588 355

3.2. Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: programme, salary band and critical occupations. Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1: Employment and vacancies by programme as on 31 March 2018

Programme	Number of posts	Number of posts filled	Vacancy rate (Includes frozen posts)	Number of posts filled additional to the establishment
Administration, permanent	382	337	12	11
Mine Health and Safety, permanent	303	268	12	0
Mineral Policy and Promotion, permanent	113	102	10	0
Mineral Regulation, permanent	386	349	10	0
Total	1 184	1 056	11	11

Table 3.2.2: Employment and vacancies by salary band as on 31 March 2018

Salary band	Number of posts	Number of posts filled	Vacancy rate (includes frozen posts)	Number of posts filled additional to the establishment
02 Skilled (levels 3–5), permanent	211	199	6	0
03 Highly skilled production (levels 6–8), permanent	322	290	10	0
04 Highly skilled supervision (levels 9–12), permanent	497	440	12	0
05 Senior management (levels >13), permanent	92	65	29	0
11 Contract (levels 3–5), permanent	3	3	0	1
12 Contract (levels 6–8), permanent	31	31	0	1
13 Contract (levels 9–12), permanent	19	19	0	5
14 Contract (levels >13), permanent	9	9	0	4
Total	1 184	1 056	11	11

Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2018

Critical occupations	Number of posts	Number of posts filled	Vacancy rate (includes frozen posts)	Number of posts filled additional to the establishment
Administrative-related, permanent	124	113	9	5
Agricultural, animal, oceanography, forestry and other sciences, permanent	1	1	0	0
Biologists, botanists, zoologists and related professional, permanent	117	104	11	0
Cartographers and surveyors, permanent	2	2	0	0
Client information clerks (switchboard, receptionist, information clerks), permanent	12	11	8	0

Critical occupations	Number of posts	Number of posts filled	Vacancy rate (includes frozen posts)	Number of posts filled additional to the establishment
Communication and information-related, permanent	13	10	23	0
Economists, permanent	46	42	9	0
Engineering sciences-related, permanent	2	2	0	0
Finance and economics-related, permanent	9	6	33	0
Financial and related professionals, permanent	33	27	18	0
Financial clerks and credit controllers, permanent	15	12	20	0
General, legal, administration and related professionals, permanent	4	4	0	0
Head of Department/Chief Executive Officer, permanent	1	1	0	0
Human resources and organisational development and related professionals, permanent	30	28	7	0
Human resources clerks, permanent	15	14	7	0
Human resources-related, permanent	1	1	0	0
Information technology-related, permanent	9	8	11	0
Language practitioners, interpreters and other communication, permanent	6	6	0	0
Legal-related, permanent	5	5	0	0
Librarians and related professionals, permanent	2	2	0	0
Library, mail and related clerks, permanent	81	77	5	0
Logistical support personnel, permanent	10	8	20	0
Material-recording and transport clerks, permanent	29	27	7	0
Messengers, porters and deliverers, permanent	6	5	17	1
Other administrative and related clerks and organisers, permanent	91	84	8	0
Other administrative, policy and related officers, permanent	56	50	11	0
Other information technology personnel, permanent	26	24	8	0
Other machine operators, permanent	1	1	0	0
Other occupations, permanent	3	3	0	0
Risk management and security services, permanent	8	7	13	0
Safety health and quality inspectors, permanent	190	165	13	0
Secretaries and other keyboard-operating clerks, permanent	82	77	6	1
Security officers, permanent	50	49	2	0
Senior managers, permanent	87	64	26	4
Trade or industry advisers and other related professions, permanent	17	16	6	0
Total	1 184	1 056	11	11

Notes:

Critical occupations are defined as occupations or sub-categories within an occupation:

- in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available, or they are available, but do not meet the applicable employment criteria;
- for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- in respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

3.3. Filling of SMS posts

The tables in this section provide information on employment and vacancies as they relate to SMS members by salary level. It also provides information on the advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1: SMS post information as on 31 March 2018

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	Percentage of SMS posts filled	Total number of SMS posts vacant	Percentage of SMS posts vacant
Director-General/Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	5	5	100	0	0
Salary Level 14	20	14	70	6	30
Salary Level 13	66	54	82	12	18
Total	92	73	79	19	21

Table 3.3.2: SMS post information as on 30 September 2017

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	Percentage of SMS posts filled	Total number of SMS posts vacant	Percentage of SMS posts vacant
Director-General/Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	5	4	80	1	20
Salary Level 14	20	15	75	5	25
Salary Level 13	65	50	77	15	23
Total	91	70	77	21	23

Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018

SMS level	Advertising	Filling of posts	
	Number of vacancies per level advertised within six months of the post becoming vacant	Number of vacancies per level filled within six months of the post becoming vacant	Number of vacancies per level not filled within six months, but filled within 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	2	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	2	0	0

Table 3.3.4: Reasons for not having complied with the filling of funded vacant SMS posts advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2017 to 31 March 2018

Reasons for vacancies not advertised within six months

The Department was in the process of rationalisation. As part of that process, 11 SMS positions were identified as critical. The recruitment and selection process is underway to fill all critical positions.

Reasons for vacancies not filled within 12 months

Given the current economic conditions and the speech of the Minister of Finance during his State of the Nation address on restrictions on the filling of managerial and administrative vacancies, the Department is currently in the process of rationalisation, in which a submission has already been drafted and approved to fill what is considered to be critical positions within the Department. This was necessitated by the fact that the Department is facing financial constraints relating to compensation of employees.

Notes:

- In terms of the Public Service Regulations, Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2017 to 31 March 2018

Reasons for vacancies not being advertised within six months

Not applicable

Reasons for vacancies not being filled within six months

Not applicable

Notes:

- In terms of the Public Service Regulations, Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant Executive Authority or Head of Department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

3.4. Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1: Job evaluation by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of posts	Number of jobs evaluated	Percentage of posts evaluated	Number of posts upgraded	Percentage of upgraded posts evaluated	Number of posts downgraded	Percentage of downgraded posts evaluated
02 Skilled (levels 3–5)	211	0	0	0	0	0	0
03 Highly skilled production (levels 6–8)	322	26	8	2	8	0	0
04 Highly skilled supervision (levels 9–12)	497	35	7	9	26	0	0
05 SMS Band A	64	0	0	0	0	0	0
06 SMS Band B	19	0	0	0	0	0	0
07 SMS Band C	6	0	0	0	0	0	0
08 SMS Band D	3	0	0	0	0	0	0
11 Contract (levels 3–5)	3	0	0	0	0	0	0
12 Contract (levels 6–8)	31	0	0	0	0	0	0
13 Contract (levels 9–12)	19	0	0	0	0	0	0
14 Contract Band A	5	0	0	0	0	0	0
15 Contract Band B	2	0	0	0	0	0	0
17 Contract Band D	2	0	0	0	0	0	0
Total	1 184	61	15	11	34	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts that were upgraded could also be vacant.

Table 3.4.2: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 to 31 March 2018

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	1	0	2
Male	3	0	0	0	3
Total	4	0	1	0	5
Employees with a disability	0	0	0	0	0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 to 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	None
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

Notes:

- If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of employees whose salaries exceeded the grades determine by job evaluation	None
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3.5. Employment changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1: Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Employment at beginning of period	Appointments	Terminations	Turnover rate
02 Skilled (levels 3–5), permanent	204	4	2	1
03 Highly skilled production (levels 6–8), permanent	298	3	17	6
04 Highly skilled supervision (levels 9–12), permanent	445	6	21	5
05 SMS Band A, permanent	49	1	6	12
06 SMS Band B, permanent	13	0	0	0
07 SSMS Band C, permanent	6	0	2	33
08 SMS Band D, permanent	2	1	1	50
11 Contract (levels 3–5), permanent	2	1	0	0
12 Contract (levels 6–8), permanent	37	2	2	5
13 Contract (levels 9–12), permanent	27	7	13	48
14 Contract Band A, permanent	5	0	3	60

Salary band	Employment at beginning of period	Appointments	Terminations	Turnover rate
15 Contract Band B, permanent	0	2	0	0
17 Contract Band D, permanent	2	1	1	50
Total	1 090	28	68	6

Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018

Occupation	Employment at beginning of period	Appointments	Terminations	Turnover rate
Administrative-related, permanent	110	8	8	7
Agricultural, animal, oceanography, forestry and other science, permanent	1	0	0	0
Biologists, botanists, zoologists and related professional, permanent	107	0	2	2
Cartographers and surveyors, permanent	2	0	0	0
Client information clerks (switchboard, reception, information clerks), permanent	11	1	1	9
Communication and information-related, permanent	10	0	2	20
Economists, permanent	43	0	0	0
Engineering sciences-related, permanent	2	0	1	50
Finance and economics-related, permanent	8	1	1	13
Financial and related professionals, permanent	29	1	5	17
Financial clerks and credit controllers, permanent	13	1	2	15
General, legal administration and related professionals, permanent	4	0	0	0
Head of Department/Chief Executive Officer, permanent	1	1	0	0
Human resources and organisational development and related professionals, permanent	28	0	1	4
Human resources clerks, permanent	15	1	2	13
Human resources-related, permanent	1	0	0	0
Information technology-related, permanent	8	0	0	0
Language practitioners, interpreters and other communication, permanent	6	0	0	0
Legal-related, permanent	4	1	0	0
Librarians and related professionals, permanent	2	0	0	0
Library, mail and related clerks, permanent	78	1	3	4
Logistical support personnel, permanent	9	0	1	11
Material-recording and transport clerks, permanent	28	0	1	4
Messengers, porters and deliverers, permanent	4	1	0	0
Other administration and related clerks and organisers, permanent	87	0	2	2
Other administrative policy and related officers, permanent	50	0	2	4
Other information technology personnel, permanent	24	2	2	8
Other machine operators, permanent	1	0	0	0
Other occupations, permanent	3	1	1	33

Occupation	Employment at beginning of period	Appointments	Terminations	Turnover rate
Risk management and security services, permanent	7	0	0	0
Safety health and quality inspectors, permanent	181	3	20	11
Secretaries and other keyboard-operating clerks, permanent	78	2	0	0
Security officers, permanent	51	0	1	2
Senior managers, permanent	67	3	9	13
Trade/industry advisors and other related professionals, permanent	17	0	1	6
Total	1 090	28	68	6

Notes:

Critical occupations are defined as occupations or sub-categories within an occupation:

- (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available, but do not meet the applicable employment criteria;
- (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- (d) in respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

The table below identifies the major reasons why staff left the Department.

Table 3.5.3: Reasons why staff left the Department for the period 1 April 2017 to 31 March 2018

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
01 Death, permanent	2	3	0	68	1 056
02 Resignation, permanent	25	37	2	68	1 056
03 Expiry of contract, permanent	18	27	2	68	1 056
09 Retirement, permanent	7	10	1	68	1 056
Transfer	16	24	2	68	1 056
Total	68	100	7	68	1 056

Table 3.5.4: Promotions by critical occupation for the period 1 April 2017 to 31 March 2018

Occupation	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Administrative-related	110	3	3	78	71
Agricultural, animal, oceanography, forestry and other sciences	1	0	0	0	0

Occupation	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Biologists, botanists, zoologists and related professionals	107	0	0	66	62
Cartographers and surveyors	2	0	0	1	50
Client information clerks (switchboard, receptionist, information clerks)	11	0	0	9	82
Communication and information-related	10	0	0	4	40
Economists	43	0	0	28	65
Engineering sciences-related	2	0	0	2	100
Finance and economics-related	8	0	0	3	38
Financial and related professionals	29	1	3	20	69
Financial clerks and credit controllers	13	0	0	8	62
General, legal, administration and related professionals	4	0	0	4	100
Head of Department/Chief Executive Officer	1	0	0	0	0
Human resources and organisational development and related professionals	28	0	0	24	86
Human resources clerks	15	0	0	11	73
Human resources-related	1	0	0	1	100
Information technology-related	8	0	0	6	75
Language practitioners, interpreters and other communication	6	0	0	4	67
Legal-related	4	0	0	4	100
Librarians and related professionals	2	0	0	2	100
Library, mail and related clerks	78	0	0	61	78
Logistical support personnel	9	0	0	7	78
Material-recording and transport clerks	28	0	0	18	64
Messengers, porters and deliverers	4	0	0	2	50
Other administration and related clerks and organisers	87	0	0	58	67
Other administrative, policy and related officers	50	0	0	34	68
Other information technology personnel	24	0	0	18	75
Other machine operators	1	0	0	1	100
Other occupations	3	0	0	1	33
Risk management and security services	7	0	0	7	100
Safety, health and quality inspectors	181	0	0	76	42
Secretaries and other keyboard-operating clerks	78	0	0	50	64

Occupation	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Security officers	51	0	0	34	67
Senior managers	67	1	2	47	70
Trade/industry advisors and other related professionals	17	0	0	10	59
Total	1 090	5	1	699	64

Table 3.5.5: Promotions by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
02 Skilled (levels 3–5), permanent	204	0	0	138	68
03 Highly skilled production (levels 6–8), permanent	298	2	1	203	68
04 Highly skilled supervision (levels 9–12), permanent	445	2	0	301	68
05 Senior management (levels >13), permanent	70	1	1	53	76
11 Contract (levels 3–5), permanent	2	0	0	0	0
12 Contract (levels 6–8), permanent	37	0	0	0	0
13 Contract (levels 9–12), permanent	27	0	0	4	15
14 Contract (levels >13), permanent	7	0	0	0	0
Total	1 090	5	1	699	64

3.6. Employment Equity

Table 3.6.1: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational band	African	Coloured	Indian	Male, total Black	White	African	Coloured	Indian	Female, total Black	White	Total
02 Professionals	125	1	2	128	6	144	2	3	149	5	288
03 Technicians and associate professionals	161	2	0	163	21	143	4	1	148	4	336
09 Labourers and related workers	3	0	0	3	0	3	0	0	3	0	6
08 Plant and machine operators and assemblers	1	0	0	1	0	0	0	0	0	0	1
05 Service shop and market sales workers	33	3	0	36	4	15	1	0	16	0	56

Occupational band	African	Coloured	Indian	Male, total Black	White	African	Coloured	Indian	Female, total Black	White	Total
04 Clerks	71	2	0	73	1	198	15	0	213	15	302
01 Senior officials and managers	42	0	0	42	4	20	0	1	21	0	67
Total	436	8	2	446	36	523	22	5	550	24	1056
Employees with disabilities	4	0	0	4	2	1	0	0	1	0	7

Table 3.6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
01 Top management, permanent	3	0	0	3	0	3	0	0	3	0	6
02 Senior management, permanent	34	0	0	34	4	21	0	0	21	0	59
03 Professionally qualified and experienced specialists and mid-management, permanent	211	4	2	217	26	183	2	4	189	8	440
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	74	1	0	75	5	181	14	0	195	15	290
05 Semi-skilled and discretionary decision making, permanent	75	3	0	78	1	114	5	0	119	1	199
08 Contract (top management), permanent	1	0	0	1	0	0	0	1	1	0	2
09 Contract (senior management), permanent	6	0	0	6	0	1	0	0	1	0	7
10 Contract (professionally qualified), permanent	10	0	0	10	0	8	1	0	9	0	19
11 Contract (skilled technical), permanent	20	0	0	20	0	11	0	0	11	0	31

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
12 Contract (semi-skilled), permanent	2	0	0	2	0	1	0	0	1	0	3
Total	436	8	2	446	36	523	22	5	550	24	1 056

Table 3.6.3: Recruitment for the period 1 April 2017 to 31 March 2018

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
01 Top Management, permanent	1	0	0	1	0	0	0	0	0	0	1
02 Senior management, permanent	1	0	0	1	0	0	0	0	0	0	1
03 Professionally qualified and experienced specialists and mid-management, permanent	1	0	0	1	0	3	1	0	4	0	5
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	2	0	0	2	0	0	0	0	0	0	2
05 Semi-skilled and discretionary decision making, permanent	0	0	0	0	0	4	0	0	4	0	4
08 Contract (top management), permanent	1	0	0	1	0	0	0	0	0	0	1
09 Contract (senior management), permanent	4	0	0	4	0	0	0	0	0	0	4
10 Contract (professionally qualified), permanent	4	0	0	4	1	2	0	0	2	0	7
11 Contract (skilled technical), permanent	0	0	0	0	0	2	0	0	2	0	2
12 Contract (semi-skilled), permanent	1	0	0	1	0	0	0	0	0	0	1
Total	15	0	0	15	1	11	1	0	12	0	28
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

Table 3.6.4: Promotions for the period 1 April 2017 to 31 March 2018

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
01 Top management, permanent	0	0	0	0	0	2	0	0	2	0	2
02 Senior management, permanent	30	0	0	30	2	20	0	0	20	0	52
03 Professionally qualified and experienced specialists and mid-management, permanent	150	2	0	152	15	129	1	3	133	3	303
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	51	1	0	52	4	126	10	0	136	13	205
05 Semi-skilled and discretionary decision making, permanent	52	3	0	55	1	77	4	0	81	1	138
10 Contract (professionally qualified), permanent	1	0	0	1	0	3	0	0	3	0	4
Total	284	6	0	290	22	357	15	3	375	17	704
Employees with disabilities	4	0	0	4	2	1	0	0	1	0	7

Table 3.6.5: Terminations for the period 1 April 2017 to 31 March 2018

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
01 Top management, permanent	3	0	0	3	0	0	0	0	0	0	3
02 Senior management, permanent	3	0	0	3	1	2	0	0	2	0	6
03 Professionally qualified and experienced specialists and mid-management, permanent	11	0	0	11	4	5	0	0	5	0	20

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	6	0	0	6	0	4	2	0	6	1	13
05 Semi-skilled and discretionary decision making, permanent	3	0	0	3	0	4	0	0	4	0	7
08 Contract (top management), permanent	0	0	0	0	0	0	0	1	1	0	1
09 Contract (senior management), permanent	3	0	0	3	0	0	0	0	0	0	3
10 Contract (professionally qualified), permanent	2	0	0	2	8	3	0	0	3	0	13
11 Contract (skilled technical), permanent	2	0	0	2	0	0	0	0	0	0	2
Total	33	0	0	33	13	18	1	1	21	1	68

Table 3.6.6: Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
12 employees	8	1	1	10	1	0	1	0	1	0	12

Table 3.6.7: Skills development for the period 1 April 2017 to 31 March 2018

Occupational categories	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Legislators, senior officials and managers	10	0	0	10	0	11	0	0	11	0	21
Professionals	96	2	0	98	0	112	0	0	112	1	211
Technicians and associate professionals	33	0	0	33	6	52	1	0	53	0	92
Clerks	30	1	0	31	0	75	8	0	83	2	116

Occupational categories	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Service and sales workers	14	0	0	14	1	6	0	0	6	0	21
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	1	0	0	1	0	2	0	0	2	0	3
Elementary occupations	0	0	0	0	0	0	0	0	0	0	0
Total	184	3	0	187	7	258	9	0	267	3	464
Employees with disability	1	0	0	1	0	0	0	0	0	0	0

3.7. Signing of performance agreements by SMS members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken are presented here.

Table 3.7.1: Signing of performance agreements by SMS members as on 31 May 2017

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as a percentage of total number of SMS members
Director-General/Head of Department	1	1	0	0%
Salary Level 16	0	0	0	0%
Salary Level 15	5	5	4	80%
Salary Level 14	20	14	13	93%
Salary Level 13	66	53	51	96%
Total	92	73	68	93%

Notes:

In the event of a national or provincial election occurring within the first three months of a financial year, all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example, if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2017.

Table 3.7.2: Reasons for not having concluded performance agreements for all SMS members as on 31 March 2018

Reasons
Three officials at levels 15, 14 and 13 were seconded to state-owned entities, hence they could not comply and therefore affect the statistics.
One official at Level 13 due to disagreement on the contents of the performance agreement.

Notes:

The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2018

Reasons
One official at Level 13 was taken through the disciplinary process.

Notes

The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

3.8. Performance rewards

To encourage good performance, the Department granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

Table 3.8.1: Performance rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, female	471	522	90	4 995	10 605
African, male	372	432	86	4 957	13 326
Asian, female	3	5	60	40	13 214
Asian, male	2	2	100	44	22 195
Coloured, female	19	22	86	131	6 920
Coloured, male	8	8	100	77	9 616
Total Black, female	493	549	90	5 166	10 479
Total Black, male	382	442	86	5 079	13 295
White, female	24	24	100	250	10 415
White, male	43	34	127	831	19 334
Total	949	1 056	90	11 436	12 051
Employees with a disability	7	7	100	110	15 669

Table 3.8.2: Performance rewards by salary band for personnel below SMS for the period 1 April 2017 to 31 March 2018

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
02 Skilled (levels 3–5)	191	199	96	785	4 108
03 Highly skilled production (levels 6–8)	269	290	93	1 784	6 632
04 Highly skilled supervision (levels 9–12)	405	440	92	6 289	15 530
11 Contract (levels 3–5)	1	3	33	4	4 166
12 Contract (levels 6–8)	19	31	61	129	6 804
13 Contract (levels 9–12)	16	19	84	263	16 466
Total	901	982	92	9 255	10 272

Table 3.8.3: Performance rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Financial clerks and credit controllers	10	12	83	54	5 383
Human resources clerks	13	14	93	76	5 845
Security officers	48	49	98	208	4 336
Human resources and organisational development and related professions	27	28	96	359	13 278
Messengers, porters and deliverers	3	5	60	12	4 116
Risk management and security services	7	7	100	131	18 738
Safety, health and quality inspectors	150	165	91	2 664	17 758
Logistical support personnel	8	8	100	58	7 235
Finance and economics-related	4	6	67	75	18 855
Other administration and related clerks and organisers	80	84	95	443	5 540
Other occupations	1	3	33	4	4 354
Legal-related	4	5	80	97	24 366
Agricultural, animal, oceanography, forestry and other sciences	0	1	0	0	0
Financial and related professionals	26	27	96	228	8 752
Administrative-related	105	113	93	1 517	14 452
Biologists, botanists, zoologists and related professionals	82	104	79	1 053	12 842
Communication and information-related	9	10	90	136	15 130

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Secretaries and other keyboard-operating clerks	74	77	96	479	6 477
Library, mail and related clerks	74	77	96	349	4 720
Human resources-related	1	1	100	8	8015
Trade/industry advisors and other related professions	15	16	94	209	13 953
Head of Department/Chief Executive Officer	0	1	0	0	0
Language practitioners, interpreters and other communication	6	6	100	56	9 280
General, legal, administration and related professionals	4	4	100	63	15 679
Material-recording and transport clerks	27	27	100	135	4 990
Other administrative policy and related officers	46	50	92	476	10 351
Senior managers	42	64	66	1528	36 385
Client information clerks (switchboard, reception, information clerks)	11	11	100	44	4 045
Economists	37	42	88	588	15 900
Cartographers and surveyors	2	2	100	17	8 560
Other information technology personnel	20	24	83	179	8 926
Engineering sciences-related	2	2	100	44	22 195
Other machine operators	1	1	100	4	3 641
Information technology related	8	8	100	125	15 659
Librarians and related professionals	2	2	100	15	7 378
Total	949	1 056	90	11 436	12 051

Notes:

Critical occupations are defined as occupations or sub-categories within an occupation:

- in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

Table 3.8.4 :Performance-related rewards (cash bonus), by salary band for SMS for the period 1 April 2017 to 31 March 2018

SMS band	Number of beneficiaries	Total employees	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)	Percentage of SMS wage bill	Personnel cost SMS (R'000)
Band A	35	50	70	1 565	44 726	3	58 114
Band B	11	16	69	497	45 180	3	17 630
Band C	2	4	50	119	59 298	2	7 789
Band D	0	4	0	0	0	0	8 260
Total	48	74	189	2 181	45 438	2	91 794

3.9. Foreign workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 3.9.1: Foreign workers by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Employment at beginning of period	Percentage of total at beginning of period	Employment at end of period	Percentage of total at end of period	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Other	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Table 3.9.2: Foreign workers by major occupation for the period 1 April 2017 to 31 March 2018

Major occupational class	Employment at beginning of period	Percentage of total at beginning of period	Employment at end of period	Percentage of total at end of period	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Other	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

3.10. Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1: Sick leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days	Percentage days with medical certification	Number of employees using sick leave	Percentage of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Contract (levels 13–16)	10	100	1	0	10	34	849	10
Contract (levels 6–8)	99	96	18	2	6	137	849	95
Contract (levels 9–12)	116	98	16	2	7	272	849	114
Highly skilled production (levels 6–8)	2 232	79	263	31	8	2 983	849	1 771
Highly skilled supervision (levels 9–12)	2 614	81	336	40	8	6 685	849	2 116
Senior management (levels 13–16)	394	88	41	5	10	1 573	849	347
Skilled (levels 3–5)	1 545	82	174	21	9	1 269	849	1 266
Total	7 010	82	849	100	8	12 954	849	5 719

Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2018

Salary band	Total days	Percentage days with medical certification	Number of employees using disability leave	Percentage of total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification	Total number of employees using disability leave
Contract (levels 9–12)	1	100	1	3	1	2	1	32
Highly skilled production (levels 6–8)	91	100	10	31	9	122	91	32
Highly skilled supervision (Levels 9–12)	76	100	8	25	10	198	76	32
Senior management (levels 13–16)	48	100	1	3	48	246	48	32
Skilled (levels 3–5)	448	100	12	38	37	379	448	32
Total	664	100	32	100	21	948	664	32

The following table summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Coordinating Bargaining Council (PSCBC) in 2000 requires the management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3: Annual leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days taken	Average days per employee	Number of employees who took leave
Contract (levels 13–16)	60	9	7
Contract (levels 3–5)	21	11	2
Contract (levels 6–8)	549	14	39
Contract (levels 9–12)	476	16	30
Highly skilled production (levels 6–8)	6 968	23	305
Highly skilled supervision (levels 9–12)	9 970	21	464
Senior management (levels 13–16)	1 469	21	69
Skilled (levels 3–5)	4 572	22	210
Total	24 085	21	1 126

Table 3.10.4: Capped leave for the period 1 January 2017 to 31 March 2018

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of employees who took capped leave	Total number of capped leave available at end of period	Number of employees as at end of period
Contract (levels 13–16)	0	0	0	0	0	0
Contract (levels 3–5)	0	0	0	0	0	0
Contract (levels 6–8)	0	0	0	0	0	0
Contract (levels 9–12)	0	0	0	0	0	0
Highly skilled production (levels 6–8)	10	3	18	4	988	55
Highly skilled supervision (levels 9–12)	16	4	24	4	1 525	63
Senior management (levels 13–16)	0	0	22	0	403	18
Skilled (levels 3–5)	17	6	23	3	535	23
Total	43	4	22	11	3 452	159

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5: Leave payouts for the period 1 April 2017 to 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Capped leave pay-outs on termination of service for current financial year	1 448	33	43 879
Current leave pay-out on termination of service for current financial year	318	16	19 875
Total	1 766	49	36 041

3.11 HIV/Aids and health promotion programmes

Table 3.11.1: Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	None

Table 3.11.2: Details of health promotion and HIV/Aids programmes

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide their name and position.	Yes		Director: Enterprise Resource Management, Mr SS Hlongwane
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of its employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Three officials. Employee health and wellness budget included in the budget of the Enterprise Resource Management Directorate.
3. Has the Department introduced an employee assistance or health promotion programme for its employees? If so, indicate the key elements or services of this programme.	Yes		An Employee Assistance Programme (EAP) is procured by the Department. The service provider provides a monthly confidential report to the Department and quarterly health risk assessments. Participation in departmental sports activities, periodic participation of employees in national sporting events, e.g. Comrades Marathon, aerobics, etc.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Martha Muthathi, Mathapelo Kenosi, Abel Mandlazi, Ipeleng Wesi, Lunga Mondela, Sylvia Languza, Chrizelle Farmer, Carol Khanyile, Dipotso Mogwase, Jacob Mongale, Andrew Kolobe, Musa Zikhali, Nandipha Qwalela, Zimkita Tyala, Gwen Tolwana, Zukiswa Keswa, Sandra Ntlenzi, Ashley Barnes, Anna Charlie, David Fubu, Olivia Mabuza and Lorraine Coetzee
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies or practices so reviewed.	Yes		HIV and Aids Policy, Wellness Policy, Occupational Health and Safety Policy, and Health and Production Policy
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		HIV/Aids Policy, confidentiality clause/agreement, annual Employee Wellness presentations, Public Service Code of Conduct and disciplinary procedures, and nomination and training of wellness committees.
7. Does the Department encourage its employees to undergo voluntary counselling and testing (VCT)? If so, list the results that it has achieved.	Yes		Increased number of employees participating in VCT during the human resource assessments and disclosure of information to dedicated wellness staff.
8. Has the Department developed measures or indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Quarterly health risk assessments, quarterly presentations on wellness topics, monthly newsletters provided by the EAP service providers and quarterly newsletters promoting health and productivity. Measurement on return of investment conducted internally and quarterly, and annual reports submitted to the DPSA.

3.12 Labour relations

Table 3.12.1: Collective agreements for the period 1 April 2017 to 31 March 2018

Subject matter	Date
None	None

Notes:

If there were no agreements, keep the heading and replace the table with the following:

Total number of collective agreements	None
--	-------------

The following table summarises the outcome of disciplinary hearings conducted in the Department for the year under review.

Table 3.12.2 :Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018

Outcomes of disciplinary hearings	Number	Percentage of total
Correctional counselling	2	17
Written warning	2	17
Final written warning	1	8
One month suspended with pay	5	42
Dismissal	2	17
Total	12	100

Notes:

If there were no agreements, keep the heading and replace the table with the following:

Total number of disciplinary hearings finalised	None
--	-------------

Type of misconduct	Number	Percentage of total
Misuse of Government Garage	3	25
Dereliction of duties	1	8
Absenteeism	2	17
Unprofessional behaviour	4	33
Non-compliance	1	8
Corruption	1	8
Total	12	100

Table 3.12.4: Grievances logged for the period 1 April 2017 to 31 March 2018

Grievances	Number	Percentage of total
Number of grievances resolved	4	33
Number of grievances not resolved	8	67
Total number of grievances lodged	12	100

Table 3.12.5: Disputes logged with councils for the period 1 April 2017 to 31 March 2018

Disputes	Number	Percentage of total
Number of disputes upheld	4	67
Number of disputes dismissed	2	33
Total number of disputes lodged	6	100

Table 3.12.6: Strike actions for the period 1 April 2017 to 31 March 2018

Total number of person working days lost	0
Total costs of working days lost	0
Amount recovered as a result of no work, no pay (R'000)	0

Table 3.12.7: Precautionary suspensions for the period 1 April 2017 to 31 March 2018

Number of people suspended	3
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	180
Cost of suspension (R'000)	352

3.13. Skills development

This section highlights the efforts of the Department with regard to skills development.

Table 3.13.1: Training needs identified for the period 1 April 2017 to 31 March 2018

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	26	0	11	0	11
	Male	51	0	15	0	15
Professionals	Female	223	0	170	0	170
	Male	221	0	171	0	171
Technicians and associate professionals	Female	143	0	117	0	117
	Male	129	0	106	0	106

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Clerks	Female	171	0	135	0	135
	Male	74	0	53	0	53
Service and sales workers	Female	14	0	18	0	18
	Male	35	0	33	0	33
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	3	0	3	0	3
	Male	2	0	2	0	2
Gender subtotals	Female	580	0	454	0	454
	Male	512	0	380	0	380
Total		1 092	0	834	0	834

Table 3.13.2: Training provided for the period 1 April 2017 to 31 March 2018

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	26	0	11	0	11
	Male	51	0	10	1	11
Professionals	Female	223	35	113	2	150
	Male	221	21	98	5	124
Technicians and associate professionals	Female	143	0	53	2	55
	Male	129	0	39	0	39
Clerks	Female	171	0	85	2	87
	Male	74	0	31	0	31
Service and sales workers	Female	14	0	6	0	6
	Male	35	0	15	0	15
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	3	0	2	0	2
	Male	0	0	1	0	1
Gender subtotals	Female	580	35	270	6	311
	Male	512	21	194	6	221
Total		1 092	56	464	12	532

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1: Injury on duty for the period 1 April 2017 to 31 March 2018

Nature of injury on duty	Number	Percentage of total
Required basic medical attention only	251	99.2
Temporary total disablement	2	0.8
Permanent disablement	0	0
Fatal	0	0
Total	253	100

3.15 Utilisation of consultants

The following tables relates information on the utilisation of consultants in the Department. In terms of the Public Service Regulations, “consultant” means a natural or juristic person or a partnership who or which provides, in terms of a specific contract on an ad hoc basis, any of the following professional services to a Department against remuneration received from any source:

- (a) The rendering of expert advice
- (b) The drafting of proposals for the execution of specific tasks
- (c) The execution of a specific task that is of a technical or intellectual nature, but excludes an employee of a department

Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2018 to 31 March 2018

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in rand
None	–	–	–

Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of HDSAs for the period 1 April 2017 to 31 March 2018

Project title	Percentage ownership by HDSA groups	Percentage management by HDSA groups	Number of consultants from HDSA groups that work on the project
None	0	0	0

Table 3.15.3: Report on consultant appointments using donor funds for the period 1 April 2017 to 31 March 2018

Project title	Total number of consultants that worked on project	Duration (work days)	Donor and contract value in rand
None	0	0	0

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in rand
None	0	0	0

Table 3.15.4: Analysis of consultant appointments using donor funds, in terms of HDSAs for the period 1 April 2017 to 31 March 2018

Project title	Percentage ownership by HDSA groups	Percentage management by HDSA groups	Number of consultants from HDSA groups that work on the project
None	0	0	0

3.16 Severance packages

Table 3.16.1: Granting of employee-initiated severance packages for the period 1 April 2017 to 31 March 2018

Salary band	Number of applications received	Number of applications referred to the Minister of Public Service and Administration	Number of applications supported by MPSA	Number of packages approved by the Department
02 Skilled (levels 3–5)	0	0	0	0
03 Highly skilled production (levels 6–8)	0	0	0	0
04 Highly skilled supervision (levels 9–12)	0	0	0	0
05 SMS Band A	0	0	0	0
06 SMS Band B	0	0	0	0
07 SMS Band C	0	0	0	0
08 SMS Band D	0	0	0	0
11 Contract (levels 3–5)	0	0	0	0
12 Contract (levels 6–8)	0	0	0	0
13 Contract (levels 9–12)	0	0	0	0
14 Contract Band A	0	0	0	0
15 Contract Band B	0	0	0	0
17 Contract Band D	0	0	0	0
Total	0	0	0	0



PART E

FINANCIAL INFORMATION

I. REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Department of Mineral Resources set out on pages 109 to 158, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Mineral Resources as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISA). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the Department in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Irregular expenditure and fruitless and wasteful expenditure

7. As disclosed in Note 23 to the Annual Financial Statements, the Department incurred irregular expenditure of R10 258 000 due to not following procurement processes.

8. As disclosed in Note 24 to the Annual Financial Statements, the Department incurred fruitless and wasteful expenditure of R6 135 000 due to lease rentals paid for buildings that they did not occupy.

Other matters

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

10. The supplementary information set out on pages 159 to 161 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the Accounting Officer for the financial statements

11. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of PFMA, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the Accounting Officer is responsible for assessing the Department of Mineral Resources' ability to continue as a going concern, disclosing, as applicable, matters relating to a going concern and using the going-concern basis of accounting, unless the Accounting Officer either intends to liquidate the Department or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings, but not to gather evidence to express assurance.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the Department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 : Mine Health and Safety	38–42
Programme 3: Mineral Regulation	43–49
Programme 4: Mineral Policy and Promotion	50–55

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes
- Programme 2: Mine Health and Safety
Programme 3: Mineral Regulations
Programme 4: Mineral Policy and Promotion

Other matters

19. I draw attention to the following matters.

Achievement of planned targets

20. Refer to the annual performance report on pages 27 to 55 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Mine Health and Safety, Mineral Regulation, and Mineral Policy and Promotion. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material findings on compliance with specific matters in key legislations are as follows:

Expenditure management

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R10 258 000, as disclosed in Note 23 to the Annual Financial Statements, as required by section 38(1)(c)(ii) of PFMA and Treasury Regulation 9.1.1.
25. Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure amounting to R6 135 000, as disclosed in Note 24 to the Annual Financial Statements, as required by section 38(1)(c)(ii) of PFMA and Treasury Regulation 9.1.1.

Procurement and contract management

26. Some of the services of a transaction value above R500 000 were procured without inviting competitive bids as required by Treasury Regulation 16A6.1

Other information

27. The Department of Mineral Resources' Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the financial statements, the Auditor's Report thereon and those selected programmes presented in the Annual Performance Report that have been specifically reported on in the Auditor's Report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the Annual Performance Report, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this Auditor's Report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

30. I considered internal control relevant to my audit of reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted on material non-compliance with legislation included in this report.

Leadership

Oversight responsibility

31. The Accounting Officer and management exercised limited oversight over compliance with legislation. This resulted in material non-compliance with legislation.

Financial and performance management

32. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Other reports

33. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the Department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
34. Internal investigations conducted an internal audit on allegations of misappropriation of assets, financial misconduct and fraud, which covered the period 1 January 2008 to January 2018. Some of the investigations were concluded in the current financial year. From the completed investigations indications of fraud were identified and the Department is in the process of implementing the sanctions from the investigations and disciplinary processes.
35. Another internal investigation conducted an internal audit relating to the issuing of fraudulent mining rights and permits in the Mpumalanga region was concluded in the current year. The investigation covered the period 1 October 2016 to 30 June 2017 and confirmed that two mining permits were fraudulent and were not issued as approved by the Department. A case of fraud was reported to the South African Police Service.

Auditor-General

Pretoria
31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure: Auditor-General's responsibility for the audit

For the year ended 31 March 2018

1. As part of an audit in accordance with the ISA, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, the procedures performed on the reported performance information for selected programmes, and on the Department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this Auditor's Report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting authority, which constitutes the use of the going concern basis of accounting in the

preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Mineral Resources ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this Auditor's Report. However, future events or conditions may cause a department to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the Accounting Officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

2. ANNUAL FINANCIAL STATEMENTS

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Appropriation per programme

Voted funds and direct charges	2017/18						2016/17	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Programme								
1. Administration	339 931	22 975	362 906	362 470	436	99.9%	362 796	361 050
2. Mine Health and Safety	194 146	9 541	203 687	203 657	30	100.0%	190 440	189 557
3. Mineral Regulation	379 260	-8 868	370 392	370 104	288	99.9%	260 177	258 758
4. Mineral Policy and Promotion	866 112	-23 648	842 464	840 454	2 010	99.8%	855 664	851 736
Total	1 779 449	–	1 779 449	1 776 685	2 764	99.8%	1 669 077	1 661 101

	2017/18		2016/17	
Reconciliation with Statement of Financial Performance				
Departmental receipts	38 993		38 072	
Aid assistance	–		13 265	
Actual amounts per Statement of Financial Performance (total revenue)	1 818 442		1 720 414	
Add				
Aid assistance		–		11 493
Actual amounts per Statement of Financial Performance expenditure		1 776 685		1 672 594

Appropriation per economic classification

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	871 021	-703	-400	869 918	867 276	2 642	99.7%	865 190	858 580
Compensation of employees	590 760	-95	–	590 665	588 355	2 310	99.6%	564 368	558 799
Salaries and wages	516 918	-4 228	1 475	514 165	512 575	1 590	99.7%	491 148	487 366
Social contributions	73 842	4 133	-1 475	76 500	75 780	720	99.1%	73 220	71 433
Goods and services	280 261	-608	-400	279 253	278 921	332	99.9%	300 822	299 781
Administrative fees	5 346	-203	-2 659	2 484	2 484	–	100.0%	3 528	3 248
Advertising	2 621	3 259	-67	5 813	5 813	–	100.0%	7 455	5 453
Minor assets	5 157	-3 465	-183	1 509	1 482	27	98.2%	2 115	968
Audit costs: External	4 987	2 026	–	7 013	7 013	–	100.0%	5 825	6 247
Bursaries: Employees	1 553	-305	–	1 248	1 246	2	99.8%	1 266	1 234
Catering: Departmental activities	3 765	-934	-1 349	1 482	1 432	50	96.6%	1 794	951
Communication (goods and services)	8 964	1 557	2 198	12 719	12 706	13	99.9%	11 903	17 281
Computer services	23 023	-480	1 307	23 850	23 850	–	100.0%	27 282	26 872
Consultants: Business and advisory services	9 401	-5 267	-2 000	2 134	2 134	–	100.0%	7 349	8 237
Legal services	2 955	10 343	263	13 561	13 561	–	100.0%	10 237	11 213
Contractors	21 102	-6 589	-9 951	4 562	4 481	81	98.2%	4 055	1 057
Agency and support/outsourced services	3	–	–	3	–	3	–	5	–
Entertainment	159	-149	–	10	5	5	50.0%	4	–
Fleet services (including government motor transport)	7 042	1 921	1 694	10 657	10 657	–	100.0%	9 586	10 518
Inventory: Clothing material and accessories	–	–	–	–	–	–	–	1 079	53
Inventory: Food and food supplies	–	–	–	–	–	–	–	67	19
Inventory: Materials and supplies	–	–	–	–	–	–	–	1 590	218
Inventory: Medical supplies	–	–	–	–	–	–	–	16	2
Consumable supplies	4 729	-1 791	-633	2 305	2 251	54	97.7%	3 128	2 063
Consumable: Stationery, printing and office supplies	11 208	-4 785	-2 536	3 887	3 887	–	100.0%	8 358	4 673
Operating leases	52 647	12 310	23 681	88 638	88 614	24	100.0%	72 627	89 325

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Property payments	7 132	80	-650	6 562	6 562	—	100.0%	5 878	6 259
Travel and subsistence	67 849	2 994	-1 702	69 141	69 141	—	100.0%	72 740	68 383
Training and development	10 148	-2 864	-2 535	4 749	4 749	—	100.0%	9 010	4 892
Operating payments	14 246	-3 504	-1 018	9 724	9 654	70	99.3%	23 667	23 740
Venues and facilities	10 410	-2 060	-2 266	6 084	6 081	3	100.0%	10 012	6 643
Rental and hiring	5 814	-2 702	-1 994	1 118	1 118	—	100.0%	246	232
Transfers and subsidies	896 767	95	—	896 862	896 740	122	100.0%	791 581	791 316
Departmental agencies and accounts	440 855	—	—	440 855	440 733	122	100.0%	433 519	433 519
Departmental agencies (non-business entities)	440 855	—	—	440 855	440 733	122	100.0%	433 519	433 519
Public corporations and private enterprises	454 394	—	—	454 394	454 394	—	100.0%	356 616	356 616
Public corporations	367 256	—	—	367 256	367 256	—	100.0%	356 616	356 616
Subsidies on products and production (pc)	367 256	—	—	367 256	367 256	—	100.0%	356 616	356 616
Private enterprises	87 138	—	—	87 138	87 138	—	100.0%	—	—
Subsidies on products and production (pe)	87 138	—	—	87 138	87 138	—	100.0%	—	—
Households	1 518	95	—	1 613	1 613	—	100.0%	1 446	1 181
Social benefits	1 224	349	—	1 573	1 573	—	100.0%	1 166	1 059
Other transfers to households	294	-254	—	40	40	—	100.0%	280	122
Payments for capital assets	11 661	608	400	12 669	12 669	—	100.0%	11 021	9 919
Buildings and other fixed structures	1 830	-869	-698	263	263	—	100.0%	153	153
Buildings	1 830	-869	-698	263	263	—	100.0%	—	—
Other fixed structures	—	—	—	—	—	—	—	153	153
Machinery and equipment	9 831	685	1 098	11 614	11 614	—	100.0%	10 868	9 766
Transport equipment	—	1 595	—	1 595	1 595	—	100.0%	3 272	3 262
Other machinery and equipment	9 831	-910	1 098	10 019	10 019	—	100.0%	7 596	6 504
Software and other intangible assets	—	792	—	792	792	—	100.0%	—	—
Payment for financial assets	—	—	—	—	—	—	—	1 285	1 286
Total	1 779 449	—	—	1 779 449	1 776 685	2 764	99.8%	1 669 077	1 661 101



Programme I: Administration

	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Sub-programme									
1. Ministry	28 050	2 205	4 182	34 437	34 437	–	100.0%	33 822	35 123
2. Corporate Services	145 075	13 541	23 383	181 999	181 823	176	99.9%	186 177	187 841
3. Department Management	21 776	-1 786	-4 449	15 541	15 541	–	100.0%	16 707	12 457
4. Financial Administration	97 623	-1 050	1 328	97 901	97 641	260	99.7%	93 704	93 536
5. Internal Audit	14 524	-2 941	-1 469	10 114	10 114	–	100.0%	10 901	10 609
6. Office Accommodation	32 883	-9 969	–	22 914	22 914	–	100.0%	21 485	21 484
Total	339 931	–	22 975	362 906	362 470	436	99.9%	362 796	361 050

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	325 794	-703	25 016	350 107	349 800	307	99.9%	350 339	349 626
Compensation of employees	179 726	-95	-9 567	170 064	170 045	19	100.0%	166 377	162 257
Salaries and wages	157 200	-1 009	-8 092	148 099	148 063	36	100.0%	142 983	141 159
Social contributions	22 526	914	-1 475	21 965	21 982	-17	100.1%	23 394	21 098
Goods and services	146 068	-608	34 583	180 043	179 755	288	99.8%	183 962	187 369
Administrative fees	734	369	–	1 103	1 196	-93	108.4%	1 258	1 219
Advertising	771	-147	–	624	588	36	94.2%	2 148	2 701
Minor assets	4 316	-2 855	–	1 461	1 439	22	98.5%	1 625	939
Audit costs: External	4 987	2 026	–	7 013	7 013	–	100.0%	5 825	6 247
Bursaries: Employees	1 553	-305	–	1 248	1 246	2	99.8%	1 200	1 234
Catering: Departmental activities	876	-129	–	747	708	39	94.8%	949	642
Communication (goods and services)	3 661	3 167	1 828	8 656	8 606	50	99.4%	5 520	8 457
Computer services	17 768	416	4 907	23 091	23 091	–	100.0%	24 203	24 342
Consultants: Business and advisory services	3 997	-2 382	–	1 615	1 596	19	98.8%	3 266	2 191

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Legal services	564	-81	208	691	691	—	100.0%	5 380	5 207
Contractors	3 007	-2 625	—	382	367	15	96.1%	1 908	837
Agency and support/ outsourced services	3	—	—	3	—	3	—	5	—
Entertainment	150	-145	—	5	5	—	100.0%	—	—
Fleet services (including government motor transport)	3 792	594	1 759	6 145	6 168	-23	100.4%	6 598	6 397
Inventory: Clothing material and accessories	—	—	—	—	—	—	—	1 049	53
Inventory: Food and food supplies	—	—	—	—	—	—	—	67	19
Inventory: Materials and supplies	—	—	—	—	—	—	—	1 556	213
Inventory: Medical supplies	—	—	—	—	—	—	—	15	2
Consumable supplies	2 651	-1 487	—	1 164	1 150	14	98.8%	1 621	935
Consumable: Stationery, printing and office supplies	4 448	-2 446	—	2 002	2 003	-1	100.0%	3 914	2 084
Operating leases	51 997	12 472	23 681	88 150	88 150	—	100.0%	71 809	88 798
Property payments	6 173	389	—	6 562	6 562	—	100.0%	5 859	6 258
Travel and subsistence	19 886	-1 434	2 200	20 652	20 467	185	99.1%	21 454	19 968
Training and development	5 875	-1 809	—	4 066	4 057	9	99.8%	6 743	3 441
Operating payments	5 151	-3 282	—	1 869	1 844	25	98.7%	5 058	2 397
Venues and facilities	3 704	-1 112	—	2 592	2 595	-3	100.1%	4 886	2 585
Rental and hiring	4	198	—	202	213	-11	105.4%	46	203
Transfers and subsidies	3 358	95	—	3 453	3 331	122	96.5%	3 162	2 895
Departmental agencies and accounts	1 840	—	—	1 840	1 718	122	93.4%	1 716	1 716
Departmental agencies (non-business entities)	1 840	—	—	1 840	1 718	122	93.4%	1 716	1 716
Households	1 518	95	—	1 613	1 613	—	100.0%	1 446	1 179
Social benefits	1 224	349	—	1 573	1 573	—	100.0%	1 166	1 059

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Other transfers to households	294	-254	–	40	40	–	100.0%	280	120
Payments for capital assets	10 779	608	-2 041	9 346	9 339	7	99.9%	9 185	8 418
Buildings and other fixed structures	1 830	-869	-698	263	263	–	100.0%	153	153
Buildings	1 830	-869	-698	263	263	–	100.0%	–	–
Other fixed structures	–	–	–	–	–	–	–	153	153
Machinery and equipment	8 949	685	-1 343	8 291	8 284	7	99.9%	9 032	8 265
Transport equipment	–	1 595	–	1 595	1 595	–	100.0%	3 272	3 262
Other machinery and equipment	8 949	-910	-1 343	6 696	6 689	7	99.9%	5 760	5 003
Software and other intangible assets	–	792	–	792	792	–	100.0%	–	–
Payment for financial assets	–	–	–	–	–	–	–	110	111
Total	339 931	–	22 975	362 906	362 470	436	99.9%	362 796	361 050

Sub-programme 1.1: Ministry									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	27 847	2 223	4 182	34 252	34 252	–	100.0%	33 614	35 082
Compensation of employees	17 609	1 594	–	19 203	19 222	-19	100.1%	17 762	17 642
Goods and services	10 238	629	4 182	15 049	15 030	19	99.9%	15 852	17 440
Payments for capital assets	203	-18	–	185	185	–	100.0%	193	26
Machinery and equipment	203	-18	–	185	185	–	100.0%	193	26
Payment for financial assets	–	–	–	–	–	–	–	15	15
Total	28 050	2 205	4 182	34 437	34 437	–	100.0%	33 822	35 123

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme 1.2: Corporate Services									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	137 552	13 592	23 681	174 825	174 771	54	100.0%	178 913	180 840
Compensation of employees	79 489	3 292	–	82 781	82 782	-1	100.0%	79 220	79 528
Goods and services	58 063	10 300	23 681	92 044	91 989	55	99.9%	99 693	101 312
Transfers and subsidies	3 358	95	–	3 453	3 331	122	96.5%	3 162	2 895
Departmental agencies and accounts	1 840	–	–	1 840	1 718	122	93.4%	1 716	1 716
Households	1 518	95	–	1 613	1 613	–	100.0%	1 446	1 179
Payments for capital assets	4 165	-146	-298	3 721	3 721	–	100.0%	4 075	4 078
Buildings and other fixed structures	1 830	-869	-698	263	263	–	100.0%	153	153
Machinery and equipment	2 335	679	400	3 414	3 414	–	100.0%	3 922	3 925
Software and other intangible assets	–	44	–	44	44	–	100.0%	–	–
Payment for financial assets	–	–	–	–	–	–	–	27	28
Total	145 075	13 541	23 383	181 999	181 823	176	99.9%	186 177	187 841

Sub-programme 1.3: Department Management									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	21 776	-1 846	-4 449	15 481	15 481	–	100.0%	16 638	12 449
Compensation of employees	14 846	-95	-4 449	10 302	10 280	22	99.8%	12 152	7 986
Goods and services	6 930	-1 751	–	5 179	5 201	-22	100.4%	4 486	4 463
Payments for capital assets	–	60	–	60	60	–	100.0%	61	–
Machinery and equipment	–	60	–	60	60	–	100.0%	61	–
Payment for financial assets	–	–	–	–	–	–	–	8	8
Total	21 776	-1 786	-4 449	15 541	15 541	–	100.0%	16 707	12 457

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme 1.4: Financial Administration									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	91 212	-1 726	3 071	92 557	92 304	253	99.7%	89 150	89 353
Compensation of employees	56 459	-3 292	-3 649	49 518	49 502	16	100.0%	48 857	48 832
Goods and services	34 753	1 566	6 720	43 039	42 802	237	99.4%	40 293	40 521
Payments for capital assets	6 411	676	-1 743	5 344	5 337	7	99.9%	4 496	4 125
Machinery and equipment	6 411	-72	-1 743	4 596	4 589	7	99.8%	4 496	4 125
Software and other intangible assets	–	748	–	748	748	–	100.0%	–	–
Payment for financial assets	–	–	–	–	–	–	–	58	58
Total	97 623	-1 050	1 328	97 901	97 641	260	99.7%	93 704	93 536

Sub-programme 1.5: Internal Audit									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	14 524	-2 977	-1 469	10 078	10 078	–	100.0%	10 539	10 418
Compensation of employees	11 323	-1 594	-1 469	8 260	8 259	1	100.0%	8 386	8 269
Goods and services	3 201	-1 383	–	1 818	1 819	-1	100.1%	2 153	2 149
Payments for capital assets	–	36	–	36	36	–	100.0%	360	189
Machinery and equipment	–	36	–	36	36	–	100.0%	360	189
Payment for financial assets	–	–	–	–	–	–	–	2	2
Total	14 524	-2 941	-1 469	10 114	10 114	–	100.0%	10 901	10 609

Sub-programme 1.6: Office Accommodation									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	32 883	-9 969	–	22 914	22 914	–	100.0%	21 485	21 484
Goods and services	32 883	-9 969	–	22 914	22 914	–	100.0%	21 485	21 484
Total	32 883	-9 969	–	22 914	22 914	–	100.0%	21 485	21 484

Programme 2: Mine Health and Safety

	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Sub-programme									
1. Governance Policy and Oversight	47 087	-4 606	2 546	45 027	45 013	14	100.0%	47 395	46 430
2. Mine Health and Safety Regions	140 897	4 606	6 995	152 498	152 482	16	100.0%	143 045	143 127
3. Mine Health and Safety Council	6 162	–	–	6 162	6 162	–	100.0%	–	–
Total	194 146	–	9 541	203 687	203 657	30	100.0%	190 440	189 557

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	187 295	–	8 843	196 138	196 108	30	100.0%	189 239	188 377
Compensation of employees	155 720	–	10 159	165 879	165 879	–	100.0%	158 934	158 029
Salaries and wages	136 203	36	10 159	146 398	146 398	–	100.0%	141 993	139 666
Social contributions	19 517	-36	–	19 481	19 481	–	100.0%	16 941	18 363
Goods and services	31 575	–	-1 316	30 259	30 229	30	99.9%	30 305	30 348
Administrative fees	305	-40	–	265	220	45	83.0%	384	207
Advertising	174	-174	–	–	–	–	–	102	69
Minor assets	160	-136	–	24	22	2	91.7%	137	13
Bursaries: Employees	–	–	–	–	–	–	–	6	–
Catering: Departmental activities	364	-124	–	240	238	2	99.2%	69	42
Communication (goods and services)	1 635	-1 386	246	495	532	-37	107.5%	1 855	2 874
Computer services	750	-750	–	–	–	–	–	3	–

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Consultants: Business and advisory services	1 754	230	-1 500	484	469	15	96.9%	1 367	1 375
Legal services	680	69	–	749	749	–	100.0%	506	506
Contractors	274	-79	–	195	174	21	89.2%	246	207
Entertainment	9	-4	–	5	–	5	–	4	–
Fleet services (including government motor transport)	317	32	-8	341	318	23	93.3%	216	269
Inventory: Materials and supplies	–	–	–	–	–	–	–	7	–
Inventory: Medical supplies	–	–	–	–	–	–	–	1	–
Consumable supplies	723	-255	–	468	454	14	97.0%	504	434
Consumable: Stationery, printing and office supplies	1 939	-1 290	-5	644	650	-6	100.9%	1 478	879
Operating leases	61	–	–	61	44	17	72.1%	358	37
Property payments	121	-121	–	–	–	–	–	5	–
Travel and subsistence	19 536	6 168	–	25 704	25 813	-109	100.4%	22 129	22 700
Training and development	742	-513	-49	180	176	4	97.8%	363	230
Operating payments	493	-216	–	277	254	23	91.7%	387	337
Venues and facilities	1 528	-1 411	–	117	116	1	99.1%	178	169
Rental and hiring	10	–	–	10	–	10	–	–	–
Transfers and subsidies	6 162	–	–	6 162	6 162	–	100.0%	–	–
Departmental agencies and accounts	6 162	–	–	6 162	6 162	–	100.0%	–	–
Departmental agencies (non-business entities)	6 162	–	–	6 162	6 162	–	100.0%	–	–
Payments for capital assets	689	–	698	1 387	1 387	–	100.0%	301	280
Machinery and equipment	689	–	698	1 387	1 387	–	100.0%	301	280
Other machinery and equipment	689	–	698	1 387	1 387	–	100.0%	301	280
Total	194 146	–	9 541	203 687	203 657	30	100.0%	190 440	189 557

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme 2.1: Governance Policy and Oversight									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	46 398	-4 606	2 251	44 043	44 029	14	100.0%	46 718	45 794
Compensation of employees	33 717	–	4 025	37 742	37 742	–	100.0%	39 234	38 330
Goods and services	12 681	-4 606	-1 774	6 301	6 287	14	99.8%	7 484	7 464
Payments for capital assets	689	–	295	984	984	–	100.0%	72	31
Machinery and equipment	689	–	295	984	984	–	100.0%	72	31
Payment for financial assets	–	–	–	–	–	–	–	605	605
Total	47 087	-4 606	2 546	45 027	45 013	14	100.0%	47 395	46 430

Sub-programme 2.2: Mine Health and Safety Regions									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	140 897	4 606	6 592	152 095	152 079	16	100.0%	142 521	142 583
Compensation of employees	122 003	–	6 134	128 137	128 137	–	100.0%	119 700	119 699
Goods and services	18 894	4 606	458	23 958	23 942	16	99.9%	22 821	22 884
Payments for capital assets	–	–	403	403	403	–	100.0%	229	249
Machinery and equipment	–	–	403	403	403	–	100.0%	229	249
Payment for financial assets	–	–	–	–	–	–	–	295	295
Total	140 897	4 606	6 995	152 498	152 482	16	100.0%	143 045	143 127

Sub-programme 2.3: Mine Health and Safety Council									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Transfers and subsidies	6 162	–	–	6 162	6 162	–	100.0%	–	–
Departmental agencies and accounts	6 162	–	–	6 162	6 162	–	100.0%	–	–
Total	6 162	–	–	6 162	6 162	–	100.0%	–	–

Programme 3: Mineral Regulation

	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Sub-programme									
1. Mineral Regulation and Administration	199 198	3 456	-384	202 270	202 178	92	100.0%	189 809	189 778
2. Management Mineral Regulation	27 059	-3 456	-8 484	15 119	14 923	196	98.7%	17 163	15 775
3. South African Diamond and Precious Metals Regulator	65 865	–	–	65 865	65 865	–	100.0%	53 205	53 205
4. Petroleum Agency South Africa	87 138	–	–	87 138	87 138	–	100.0%	–	–
Total	379 260	–	-8 868	370 392	370 104	288	99.9%	260 177	258 758

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	226 218	–	-9 954	216 264	215 969	295	99.9%	206 173	204 781
Compensation of employees	186 505	–	-592	185 913	185 631	282	99.8%	173 195	173 194
Salaries and wages	163 130	-2 994	-592	159 544	159 497	47	100.0%	149 018	149 155
Social contributions	23 375	2 994	–	26 369	26 134	235	99.1%	24 177	24 039
Goods and services	39 713	–	-9 362	30 351	30 338	13	100.0%	32 978	31 587
Administrative fees	656	-287	-42	327	290	37	88.7%	483	300
Advertising	162	-65	–	97	133	-36	137.1%	165	136
Minor assets	454	-435	–	19	17	2	89.5%	245	15
Bursaries: Employees	–	–	–	–	–	–	–	60	–
Catering: Departmental activities	530	-365	–	165	165	–	100.0%	423	81
Communication (goods and services)	3 150	56	268	3 474	3 474	–	100.0%	3 291	3 760
Computer services	4 450	-91	-3 600	759	759	–	100.0%	1 002	469
Legal services	1 611	2 959	55	4 625	4 625	–	100.0%	4 301	4 916
Contractors	45	-4	–	41	1	40	2.4%	17	6

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Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Fleet services (including government motor transport)	2 706	1 122	15	3 843	3 843	–	100.0%	2 384	3 448
Inventory: Materials and supplies	–	–	–	–	–	–	–	27	5
Consumable supplies	1 109	-44	-449	616	602	14	97.7%	806	593
Consumable: Stationery, printing and office supplies	2 980	-179	-1 908	893	886	7	99.2%	2 004	1 278
Operating leases	22	-15	–	7	–	7	–	14	–
Property payments	588	-188	-400	–	–	–	–	14	1
Travel and subsistence	16 233	-1 684	-300	14 249	14 330	-81	100.6%	14 999	13 807
Training and development	2 308	-118	-2 001	189	188	1	99.5%	1 177	969
Operating payments	959	-190	–	769	747	22	97.1%	992	926
Venues and facilities	1 750	-472	-1 000	278	278	–	100.0%	574	877
Transfers and subsidies	153 003	–	–	153 003	153 003	–	100.0%	53 205	53 207
Departmental agencies and accounts	65 865	–	–	65 865	65 865	–	100.0%	53 205	53 205
Departmental agencies (non-business entities)	65 865	–	–	65 865	65 865	–	100.0%	53 205	53 205
Public corporations and private enterprises	87 138	–	–	87 138	87 138	–	100.0%	–	–
Private enterprises	87 138	–	–	87 138	87 138	–	100.0%	–	–
Subsidies on products and production (pe)	87 138	–	–	87 138	87 138	–	100.0%	–	–
Households	–	–	–	–	–	–	–	–	2
Other transfers to households	–	–	–	–	–	–	–	–	2
Payments for capital assets	39	–	1 086	1 125	1 132	-7	100.6%	598	569
Machinery and equipment	39	–	1 086	1 125	1 132	-7	100.6%	598	569
Other machinery and equipment	39	–	1 086	1 125	1 132	-7	100.6%	598	569
Payment for financial assets	–	–	–	–	–	–	–	201	201
Total	379 260	–	-8 868	370 392	370 104	288	99.9%	260 177	258 758

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APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme 3.1: Mineral Regulation and Administration									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	199 159	3 456	-1 412	201 203	201 105	98	100.0%	189 328	189 324
Compensation of employees	174 527	–	–	174 527	174 442	85	100.0%	163 751	163 750
Goods and services	24 632	3 456	-1 412	26 676	26 663	13	100.0%	25 577	25 574
Transfers and subsidies	–	–	–	–	–	–	–	–	2
Households	–	–	–	–	–	–	–	–	2
Payments for capital assets	39	–	1 028	1 067	1 073	-6	100.6%	290	261
Machinery and equipment	39	–	1 028	1 067	1 073	-6	100.6%	290	261
Payment for financial assets	–	–	–	–	–	–	–	191	191
Total	199 198	3 456	-384	202 270	202 178	92	100.0%	189 809	189 778

Sub-programme 3.2: Management Mineral Regulation									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	27 059	-3 456	-8 542	15 061	14 864	197	98.7%	16 845	15 457
Compensation of employees	11 978	–	-592	11 386	11 189	197	98.3%	9 444	9 444
Goods and services	15 081	-3 456	-7 950	3 675	3 675	–	100.0%	7 401	6 013
Payments for capital assets	–	–	58	58	59	-1	101.7%	308	308
Machinery and equipment	–	–	58	58	59	-1	101.7%	308	308
Payment for financial assets	–	–	–	–	–	–	–	10	10
Total	27 059	-3 456	-8 484	15 119	14 923	196	98.7%	17 163	15 775

Sub-programme 3.3: South African Diamond and Precious Metals Regulator									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Transfers and subsidies	65 865	–	–	65 865	65 865	–	100.0%	53 205	53 205
Departmental agencies and accounts	65 865	–	–	65 865	65 865	–	100.0%	53 205	53 205
Total	65 865	–	–	65 865	65 865	–	100.0%	53 205	53 205

Sub-programme 3.4: Petroleum Agency South Africa									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Transfers and subsidies	87 138	–	–	87 138	87 138	–	100.0%	–	–
Public corporations and private enterprises	87 138	–	–	87 138	87 138	–	100.0%	–	–
Total	87 138	–	–	87 138	87 138	–	100.0%	–	–

Programme 4: Mineral Policy and Promotion

	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Sub-programme									
1. Management	31 484	20	-6 383	25 121	23 935	1 186	95.3%	26 546	26 409
2. Mineral Policy	19 985	-42	-1 644	18 299	18 223	76	99.6%	28 195	28 087
3. Mineral Promotion and International Coordination	47 837	181	-4 139	43 879	43 869	10	100.0%	49 496	48 769
4. Assistance to Mines	–	–	–	–	–	–	–	–	–
5. Council for Geoscience	366 988	–	–	366 988	366 988	–	100.0%	378 598	378 598
6. Mintek	367 256	–	–	367 256	367 256	–	100.0%	356 416	356 416
7. Economic Advisory Services	4 502	-150	-634	3 718	3 388	330	91.1%	4 632	4 019
8. Mine Environmental Management	28 060	-9	-10 848	17 203	16 795	408	97.6%	11 781	9 438
Total	866 112	–	-23 648	842 464	840 454	2 010	99.8%	855 664	851 736

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	131 714	–	-24 305	107 409	105 399	2 010	98.1%	119 439	115 796
Compensation of employees	68 809	–	–	68 809	66 800	2 009	97.1%	65 862	65 319
Salaries and wages	60 385	-261	–	60 124	58 617	1 507	97.5%	57 154	57 386
Social contributions	8 424	261	–	8 685	8 183	502	94.2%	8 708	7 933
Goods and services	62 905	–	-24 305	38 600	38 599	1	100.0%	53 577	50 477
Administrative fees	3 651	-245	-2 617	789	778	11	98.6%	1 403	1 522
Advertising	1 514	3 645	-67	5 092	5 092	–	100.0%	5 040	2 547
Minor assets	227	-39	-183	5	4	1	80.0%	108	1
Catering: Departmental activities	1 995	-316	-1 349	330	321	9	97.3%	353	186
Communication (oods and services)	518	-280	-144	94	94	–	100.0%	1 237	2 190
Computer services	55	-55	–	–	–	–	–	2 074	2 061
Consultants: Business and advisory services	3 650	-3 115	-500	35	69	-34	197.1%	2 716	4 671
Legal services	100	7 396	–	7 496	7 496	–	100.0%	50	584
Contractors	17 776	-3 881	-9 951	3 944	3 939	5	99.9%	1 884	7
Fleet services (including government motor transport)	227	173	-72	328	328	–	100.0%	388	404
Inventory: Clothing material and accessories	–	–	–	–	–	–	–	30	–
Consumable supplies	246	-5	-184	57	45	12	78.9%	197	101
Consumable: Stationery, printing and office supplies	1 841	-870	-623	348	348	–	100.0%	962	432
Operating leases	567	-147	–	420	420	–	100.0%	446	490
Travel and subsistence	12 194	-56	-3 602	8 536	8 531	5	99.9%	14 158	11 908
Training and development	1 223	-424	-485	314	328	-14	104.5%	727	252
Operating payments	7 643	184	-1 018	6 809	6 809	–	100.0%	17 230	20 080
Venues and facilities	3 428	935	-1 266	3 097	3 092	5	99.8%	4 374	3 012
Rental and hiring	5 800	-2 900	-1 994	906	905	1	99.9%	200	29
Transfers and subsidies	734 244	–	–	734 244	734 244	–	100.0%	735 214	735 214
Departmental agencies and accounts	366 988	–	–	366 988	366 988	–	100.0%	378 598	378 598

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Departmental agencies (non-business entities)	366 988	–	–	366 988	366 988	–	100.0%	378 598	378 598
Public corporations and private enterprises	367 256	–	–	367 256	367 256	–	100.0%	356 616	356 616
Public corporations	367 256	–	–	367 256	367 256	–	100.0%	356 616	356 616
Subsidies on products and production (pc)	367 256	–	–	367 256	367 256	–	100.0%	356 616	356 616
Payments for capital assets	154	–	657	811	811	–	100.0%	937	652
Machinery and equipment	154	–	657	811	811	–	100.0%	937	652
Other machinery and equipment	154	–	657	811	811	–	100.0%	937	652
Payment for financial assets	–	–	–	–	–	–	–	74	74
Total	866 112	–	-23 648	842 464	840 454	2 010	99.8%	855 664	851 736

Sub-programme 4.1: Management									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	31 416	20	-6 473	24 963	23 777	1 186	95.2%	26 254	26 124
Compensation of employees	10 542	–	–	10 542	9 357	1 185	88.8%	9 374	9 243
Goods and services	20 874	20	-6 473	14 421	14 420	1	100.0%	16 880	16 881
Transfers and subsidies	–	–	–	–	–	–	–	200	200
Public corporations and private enterprises	–	–	–	–	–	–	–	200	200
Payments for capital assets	68	–	90	158	158	–	100.0%	91	84
Machinery and equipment	68	–	90	158	158	–	100.0%	91	84
Payment for financial assets	–	–	–	–	–	–	–	1	1
Total	31 484	20	-6 383	25 121	23 935	1 186	95.3%	26 546	26 409

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APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme 4.2: Mineral Policy									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	19 985	-42	-1 873	18 070	17 993	77	99.6%	28 075	28 075
Compensation of employees	11 998	–	–	11 998	11 921	77	99.4%	10 645	10 645
Goods and services	7 987	-42	-1 873	6 072	6 072	–	100.0%	17 430	17 430
Payments for capital assets	–	–	229	229	230	-1	100.4%	108	–
Machinery and equipment	–	–	229	229	230	-1	100.4%	108	–
Payment for financial assets	–	–	–	–	–	–	–	12	12
Total	19 985	-42	-1 644	18 299	18 223	76	99.6%	28 195	28 087

Sub-programme 4.3: Mineral Promotion and International Coordination									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	47 820	181	-4 417	43 584	43 574	10	100.0%	48 889	48 330
Compensation of employees	33 691	150	–	33 841	33 840	1	100.0%	34 017	33 778
Goods and services	14 129	31	-4 417	9 743	9 734	9	99.9%	14 872	14 552
Payments for capital assets	17	–	278	295	295	–	100.0%	547	379
Machinery and equipment	17	–	278	295	295	–	100.0%	547	379
Payment for financial assets	–	–	–	–	–	–	–	60	60
Total	47 837	181	-4 139	43 879	43 869	10	100.0%	49 496	48 769

Sub-programme 4.4: Assistance to Mines									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	–	–	–	–	–	–	–	–	–
Transfers and subsidies	–	–	–	–	–	–	–	–	–
Payments for capital assets	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–	–

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme 4.5: Council for Geoscience									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Transfers and subsidies	366 988	–	–	366 988	366 988	–	100.0%	378 598	378 598
Departmental agencies and accounts	366 988	–	–	366 988	366 988	–	100.0%	378 598	378 598
Total	366 988	–	–	366 988	366 988	–	100.0%	378 598	378 598

Sub-programme 4.6: Mintek									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Transfers and subsidies	367 256	–	–	367 256	367 256	–	100.0%	356 416	356 416
Public corporations and private enterprises	367 256	–	–	367 256	367 256	–	100.0%	356 416	356 416
Total	367 256	–	–	367 256	367 256	–	100.0%	356 416	356 416

Sub-programme 4.7: Economic Advisory Services									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	4 502	-150	-658	3 694	3 364	330	91.1%	4 463	3 851
Compensation of employees	3 704	-150	–	3 554	3 228	326	90.8%	3 856	3 688
Goods and services	798	–	-658	140	136	4	97.1%	607	163
Payments for capital assets	–	–	24	24	24	–	100.0%	169	168
Machinery and equipment	–	–	24	24	24	–	100.0%	169	168
Total	4 502	-150	-634	3 718	3 388	330	91.1%	4 632	4 019

Sub programme 4.8: Mine Environmental Management									
Economic classification	2017/18							2016/17	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a percentage of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Current payments	27 991	-9	-10 884	17 098	16 691	407	97.6%	11 758	9 416
Compensation of employees	8 874	–	–	8 874	8 454	420	95.3%	7 970	7 965
Goods and services	19 117	-9	-10 884	8 224	8 237	-13	100.2%	3 788	1 451
Payments for capital assets	69	–	36	105	104	1	99.0%	22	21
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–
Machinery and equipment	69	–	36	105	104	1	99.0%	22	21
Payment for financial assets	–	–	–	–	–	–	–	1	1
Total	28 060	-9	10 920	17 203	16 795	408	97.6%	11 781	9 438

1. Detail of transfers and subsidies as per the Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in Note 1 (annual appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from amounts voted (after Virement):

There were no material variances on the voted fund.

4.1 Per programme

	Final appropriation	Actual expenditure	Variance R'000	Variance as a percentage of final appropriation
Administration	362 906	362 470	436	0.1%
The saving of R436 000 is mainly due to cost-containment measures implemented on consumables and stationery.				

	Final appropriation	Actual expenditure	Variance R'000	Variance as a percentage of final appropriation
Mine Health and Safety	203 687	203 657	30	0.0%
The saving of R30 000 is mainly due to cost-containment measures implemented on fleet services.				

	Final appropriation	Actual expenditure	Variance R'000	Variance as a percentage of final appropriation
Mineral Regulation	370 392	370 104	288	0.1%
The underspending of R288 000 is mainly due to savings on compensation of employees.				

	Final appropriation	Actual expenditure	Variance R'000	Variance as a percentage of final appropriation
Mineral Policy and Promotion	842 464	840 454	2 010	0.2%
The underspending of R2 million is mainly due to savings on compensation of employees.				

4.2 Per economic classification

	Final appropriation	Actual expenditure	Variance	Variance as a percentage of final appropriation
	R'000	R'000	R'000	Percentage
Current payments				
Compensation of employees	590 665	588 355	2 310	0.0%
Goods and services	279 253	278 921	332	0.0%
Transfers and subsidies				
Departmental agencies and accounts	440 855	440 733	122	0.0%
Public corporations and private enterprises	454 394	454 394	–	0.0%
Households	1 613	1 613	–	0.0%
Payments for capital assets				
Buildings and other fixed structures	263	263	–	0.0%
Machinery and equipment	11 614	11 614	0	1.6%

Compensation of employees has an allocated budget of R590.7 million for the 2017/18 financial year. The actual expenditure of R588.4 million is below the final appropriation of R590.7 million by R2.3 million or 99.6%. The saving of R2.3 million is mainly due to the delay on the filling of critical vacant posts that were identified and advertised during the financial year.

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	1 779 449	1 669 077
Departmental revenue	2	38 912	38 072
Aid assistance	3	—	13 265
TOTAL REVENUE		1 818 361	1 720 414
EXPENDITURE			
Current expenditure			
Compensation of employees	4	588 355	558 798
Goods and services	5	278 921	299 784
Total current expenditure		867 276	858 582
Transfers and subsidies			
Transfers and subsidies	7	896 740	791 316
Aid assistance	3	—	11 493
Total transfers and subsidies		896 740	802 809
Expenditure for capital assets			
Tangible assets	8	11 877	9 917
Intangible assets		792	—
Total expenditure for capital assets		12 669	9 917
Payments for financial assets	6	—	1 286
TOTAL EXPENDITURE		1 776 685	1 672 594
SURPLUS/(DEFICIT) FOR THE YEAR		41 757	47 820
Reconciliation of net surplus/(deficit) for the year			
Voted funds		2 764	7 976
Annual appropriation		2 764	7 976
Departmental revenue and National Revenue Fund (NRF) receipts	2.1	38 912	38 072
Aid assistance	3	—	1 772
SURPLUS/(DEFICIT) FOR THE YEAR		41 676	47 820

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets		1 330	16 804
Cash and cash equivalents	9	1 057	10 643
Prepayments and advances	10	34	88
Receivables	11	239	6 073
Non-current assets		5 924	—
Receivables	11	5 924	—
TOTAL ASSETS		7 254	16 804
LIABILITIES			
Current liabilities		3 915	13 049
Voted funds to be surrendered to the Revenue Fund	12	2 764	7 976
Departmental revenue and NRF receipts to be surrendered to the Revenue Fund	13	951	749
Payables	14	200	2 552
Aid assistance repayable	3	—	1 772
TOTAL LIABILITIES		3 915	13 049
NET ASSETS		3 339	3 755
Represented by:			
Recoverable revenue		3 339	3 755
TOTAL		3 339	3 755

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
Recoverable revenue			
Opening balance		3 755	4 268
Transfers:		(416)	(513)
Debts revised		-240	-1 466
Debts recovered (included in departmental receipts)		-830	-1 118
Debts raised		654	2 071
Closing balance		3 339	3 755
TOTAL		3 339	3 755

DEPARTMENT OF MINERAL RESOURCES • VOTE 29
CASH FLOW STATEMENT for the year ended 31 March 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Annual appropriated funds received
 Departmental revenue received
 Interest received
 Aid assistance received

Net (increase)/decrease in working capital

Surrendered to Revenue Fund

Surrendered to RDP Fund/donor

Current payments

Payments for financial assets

Transfers and subsidies paid

Net cash flow available from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for capital assets

Net cash flows from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Increase/(decrease) in net assets

Net cash flows from financing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Note	2017/18 R'000	2016/17 R'000
	1 818 361	1 720 414
1.1	1 779 449	1 669 077
2	38 723	37 807
2.3	189	265
3	—	13 265
	(2 388)	(7 120)
	(46 769)	(40 529)
	(1 772)	(1 772)
	(867 276)	(858 582)
	—	(1 286)
	(896 740)	(802 809)
15	3 497	8 316
8	(12 669)	(9 917)
	(12 669)	(9 917)
	(416)	(513)
	(416)	(513)
	(9 588)	(2 114)
	10 646	12 760
6	1 057	10 646

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present the Department's primary and secondary information fairly.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the Annual Financial Statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act No. 1 of 1999 (as amended by Act No. 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going-concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African rand (R), which is also the functional currency of the Department.

4. Rounding

Unless otherwise stated, financial figures have been rounded to the nearest one thousand rand (R'000).

5. Comparative information

5.1 Prior-period comparative information

Prior-period comparative information has been presented in the current year's financial statements. Where necessary, figures included in the

prior-period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

5.2 Current-year comparison with budget

A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the Appropriation Statement.

6. Revenue

6.1 Appropriated funds

Appropriated funds comprises departmental allocations, as well as direct charges against the Revenue Fund (i.e. statutory appropriation).

Appropriated funds are recognised in the Statement of Financial Performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the Statement of Financial Performance on the date the adjustments become effective.

The net amount of any appropriated funds due to or from the relevant revenue fund at the reporting date is recognised as a payable or receivable in the Statement of Financial Position.

6.2 Departmental revenue

Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the Statement of Financial Position.

6.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the Notes to the Annual Financial Statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest or penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the Department's debt write-off policy

7. Expenditure

7.1 Compensation of employees

7.1.1 Salaries and wages

Salaries and wages are recognised in the Statement of Financial Performance on the date of payment.

7.1.2 Social contributions

Social contributions made by the Department in respect of current employees are recognised in the Statement of Financial Performance on the date of payment.

Social contributions made by the Department in respect of former employees are classified as transfers to households in the Statement of Financial Performance on the date of payment.

7.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies, and payments for capital assets) is recognised in the Statement of Financial Performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

7.3 Accrued expenditure payable

Accruals and payables not recognised are recorded in the Notes to the Annual Financial Statements at cost at the reporting date.

7.4 Leases

7.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the Statement of Financial Performance on the date of payment.

The operating lease commitments are recorded in the Notes to the Annual Financial Statements.

7.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the Statement of Financial Performance on the date of payment.

The finance lease commitments are recorded in the Notes to the Annual Financial Statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

8. Aid assistance

8.1 Aid assistance received

Aid assistance received in cash is recognised in the Statement of Financial Performance when received. In-kind aid assistance is recorded in the Notes to the Annual Financial Statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the Statement of Financial Position.

8.2 Aid assistance paid

Aid assistance paid is recognised in the Statement of Financial Performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the Statement of Financial Position.

9. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the Statement of Financial Position.

Bank overdrafts are shown separately on the face of the Statement of Financial Position as a current liability.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

10. Prepayments and advances

Prepayments and advances are recognised in the Statement of Financial Position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

11. Loans and receivables

Loans and receivables are recognised in the Statement of Financial Position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.

12. Financial assets

12.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, the Department measures its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

12.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the Notes to the Annual Financial Statements.

13. Payables

Payables recognised in the Statement of Financial Position are recognised at cost.

14. Capital assets

14.1 Immovable capital assets

Immovable assets reflected in the Department's Asset Register are recorded in the Notes to the Annual Financial Statements at cost or fair value, where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the Asset Register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the Asset Register is provided in the Notes to Annual Financial Statements.

14.2 Movable capital assets

Movable capital assets are initially recorded in the Notes to the Annual Financial Statements at cost. Movable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value, and where fair value cannot be determined, the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Auditor-General) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

14.3 Intangible assets

Intangible assets are initially recorded in the Notes to the Annual Financial Statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the Notes to the Annual Financial Statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value, and where fair value cannot be determined, the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Auditor-General) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

15. Provisions and contingents

15.1 Provisions

Provisions are recorded in the Notes to the Annual Financial Statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

15.2 Contingent liabilities

Contingent liabilities are recorded in the Notes to the Annual Financial Statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department, or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured reliably.

15.3 Contingent assets

Contingent assets are recorded in the Notes to the Annual Financial Statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

15.4 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the Notes to the Annual Financial Statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities, thereby incurring future expenditure that will result in the outflow of cash.

16. Unauthorised expenditure

Unauthorised expenditure is recognised in the Statement of Financial Position until such time as the expenditure is:

- approved by Parliament or the provincial legislature with funding and the related funds are received;
- approved by Parliament or the provincial legislature without funding and is written off against the appropriation in the Statement of Financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

17. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the Notes to the Annual Financial Statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the Notes to the Annual Financial Statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

18. Irregular expenditure

Irregular expenditure is recorded in the Notes to the Annual Financial Statements when confirmed. The amount recorded is equal to the value of

the irregular expenditure incurred unless it is impracticable to determine, in which case reasons for the irregular expenditure are provided in the note.

Irregular expenditure is removed from the note when it is condoned by the relevant authority, transferred to receivables for recovery or not condoned and not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

19. *Changes in accounting policies, accounting estimates and errors*

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with Modified Cash Standard requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances, the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with Modified Cash Standard requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with Modified Cash Standard requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases, the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

20. *Events after the reporting date*

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the Notes to the Annual Financial Statements.

21. *Recoverable revenue*

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the national or provincial

Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written-off.

22. *Related-party transactions*

A related-party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related-party transactions within the Minister or Member of the Executive Committee portfolio are recorded in the Notes to the Annual Financial Statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The number of individuals and their full compensation is recorded in the Notes to the Annual Financial Statements.

28 *Inventories*

At the date of acquisition, inventories are recognised at cost in the Statement of Financial Performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

30 *Employee benefits*

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the employee benefits note.

1. Annual appropriation

1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for national departments (voted funds):

	2017/18		2016/17	
	Final appropriation R'000	Actual funds received R'000	Final appropriation R'000	Appropriation received R'000
Administration	362 906	339 931	362 796	362 796
Mine Health and Safety	203 687	194 146	190 440	190 440
Mineral Regulation	370 392	379 260	260 177	260 177
Mineral Policy and Promotion	842 464	866 112	855 664	855 664
Total	1 779 449	1 779 449	1 669 077	1 669 077

2. Departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services other than capital assets	2.1	11 642	10 149
Fines, penalties and forfeits	2.2	1 294	990
Interest, dividends and rent on land	2.3	23 576	23 881
Transactions in financial assets and liabilities	2.4	2 400	3 052
		38 912	38 072

Departmental revenue collected

2.1 Sales of goods and services other than capital assets

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services produced by the Department	2	11 642	10 147
Sales by market establishment		453	473
Administrative fees		10 518	9 073
Other sales		671	602
Sales of scrap, waste and other used current goods		–	1
Total		11 642	10 149

2.2 Fines, penalties and forfeits

	Note	2017/18 R'000	2016/17 R'000
Fines	2	635	120
Penalties		659	870
Total		1 294	990

2.3 Interest, dividends and rent on land

	Note	2017/18 R'000	2016/17 R'000
Interest	2	189	265
Rent on land		23 387	23 616
Total		23 576	23 881

2.4 Transactions in financial assets and liabilities

	Note	2017/18 R'000	2016/17 R'000
Receivables	2	2 400	3 052
Total		2 400	3052

3. Aid assistance

	Note	2017/18 R'000	2016/17 R'000
Opening balance		1 772	1 772
Aid assistance received	1I	–	13 265
Aid assistance utilised	1I	–	(11 493)
Paid during the year		(1 772)	(1 772)
Closing balance		–	1 772

3.1 Analysis of balance

	Note	2017/18 R'000	2016/17 R'000
Aid assistance utilised		–	1 772
Closing balance		–	1 772

4. Compensation of employees

4.1 Salaries and wages

	Note	2017/18 R'000	2016/17 R'000
Basic salary	4	404 405	383 493
Performance award		12 431	12 998
Service based		128	316
Compensative/circumstantial		5 999	8 744
Periodic payments		3 535	49
Other non-pensionable allowances		86 077	81 765
Total		512 575	487 365

4.2 Social contributions

Employer contributions

Pension

Medical aid

Bargaining council

Total

Total compensation of employees

Average number of employees

Note	2017/18 R'000	2016/17 R'000
4		
	52 435	49 616
	23 258	21 735
	87	82
	75 780	71 433
	588 355	558 798
	1 069	1 108

5. Goods and services

Administrative fees

Advertising

Minor assets

Bursaries (employees)

Catering

Communication

Computer services

Consultants: Business and advisory services

Legal services

Contractors

Entertainment

Audit cost – external

Fleet services

Inventory

Consumables

Operating leases

Property payments

Rental and hiring

Travel and subsistence

Venues and facilities

Training and development

Other operating expenditure

Total

Note	2017/18 R'000	2016/17 R'000
	2 484	3 248
	5 813	5 453
5.1	1 482	968
	1 246	1 234
	1 432	951
	12 706	17 281
5.2	23 850	26 872
	2 134	8 237
	13 561	11 213
	4 481	1 057
	5	–
5.3	7 013	6 247
	10 657	10 518
5.4	–	292
5.5	6 138	6 737
	88 614	89 325
5.6	6 562	6 259
	1 118	232
5.7	69 141	68 383
	6 081	6 643
	4 749	4 892
5.8	9 654	23 742
	278 921	299 784

5.1 Minor assets

Tangible assets

Machinery and equipment

Note	2017/18	2016/17
5	R'000	R'000
	1 482	968
	1 482	968

5.2 Computer services

State Information Technology Agency (SITA) computer services

External computer service providers

Total

Note	2017/18	2016/17
5	R'000	R'000
	7 176	8 578
	16 674	18 294
	23 850	26 872

5.3 Audit cost – External

Regularity audits

Total

Note	2017/18	2016/17
5	R'000	R'000
	7 013	6 247
	7 013	6 247

5.4 Inventory

Clothing material and accessories

Food and food supplies

Materials and supplies

Medical supplies

Total

Note	2017/18	2016/17
5	R'000	R'000
	–	53
	–	19
	–	218
	–	2
	–	292

5.5 Consumables

Consumable supplies

Uniform and clothing

Household supplies

IT consumables

Other consumables

Stationery, printing and office supplies

Total

Note	2017/18	2016/17
5	R'000	R'000
	2 251	2 065
	1 336	1 380
	262	274
	168	59
	485	352
	3 887	4 672
	6 138	6 737

5.6 Property payments

Property maintenance and repairs
Other
Total

Note	2017/18	2016/17
5	R'000	R'000
	–	60
	6 562	6 199
	6 562	6 259

5.7 Travel and subsistence

Local
Foreign
Total

Note	2017/18	2016/17
5	R'000	R'000
	60 940	55 902
	8 201	12 481
	69 141	68 383

5.8 Other operating expenditure

Professional bodies, membership and subscription fees
Resettlement costs
Other
Total

Note	2017/18	2016/17
5	R'000	R'000
	7 275	20 093
	847	1 740
	1 532	1 909
	9 654	23 742

6. Payments for financial assets

Debts written off
Total

Note	2017/18	2016/17
6.1	R'000	R'000
	–	1 286
	–	1 286

6.1 Debts written off

Nature of debts written off
Bad debt written off
Total debt written off

Note	2017/18	2016/17
6	R'000	R'000
	–	1 286
	–	1 286

Note	2017/18 R'000	2016/17 R'000
Annexure 1B	440 733	433 519
Annexure 1D	454 394	356 616
Annexure 1G	1 613	1 181
	896 740	791 316

Note	2017/18 R'000	2016/17 R'000
	11 877	9 917
29	263	153
27	11 614	9 764
	—	—
28	792	—
	12 669	9 917

		Voted funds
		R'000
Tangible assets		11 877
Buildings and other fixed structures		263
Machinery and equipment		11 614
Intangible assets		792
Software		792
Total		12 669

		Voted funds
		R'000
Tangible assets		9 917
Buildings and other fixed structures		153
Specialised military assets		9 764
Total		9 917

9. Cash and cash equivalents

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster-General Account		(680)	10 262
Cash on hand		72	71
Investments (domestic)		1 665	310
Total		1 057	10 643

10. Prepayments and advances

	Note	2017/18 R'000	2016/17 R'000
Travel and subsistence		34	88
Total		34	88

11. Receivables

	Note	2017/18			2016/17	
		Current R'000	Non-current R'000	Total R'000	Current R'000	Total R'000
Claims recoverable	11.1	12	1 457	1 469	1 457	1 457
Recoverable expenditure	11.2	7	99	106	76	76
Staff debt	11.3	220	4 368	4 588	4 540	4 540
Total		239	5 924	6 163	6 073	6 073

11.1 Claims recoverable

	Note	2017/18 R'000	2016/17 R'000
National departments	11 and Annexure 4	1 457	1 457
Provincial departments		12	–
Total		1 469	1 457

11.2 Recoverable expenditure (disallowance accounts)

	Note	2017/18 R'000	2016/17 R'000
Salary tax debt	11	8	–
Disallowance damages and losses		98	76
Total		106	76

11.3 Staff debt

Note	2017/18 R'000	2016/17 R'000
11		
Contract	–	67
Study debt	3 123	2 990
Subsidised vehicle	181	176
Dinners	–	56
Government Garage car	168	47
Other	1 062	1 143
Tax debt	54	61
Total	4 588	4 540

11.4 Impairment of receivables

Note	2017/18 R'000	2016/17 R'000
Estimate of impairment of receivables	4 560	5 804
Total	4 560	5 804

12. Voted funds to be surrendered to the Revenue Fund

Note	2017/18 R'000	2016/17 R'000
Opening balance	7 978	61
As restated	7 978	61
Transfer from Statement of Financial Performance (as restated)	2 764	7 978
Paid during the year	(7 978)	(61)
Closing balance	2 764	7 978

13. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund

Note	2017/18 R'000	2016/17 R'000
Opening balance	749	3 145
As restated	749	3 145
Transfer from Statement of Financial Performance (as restated)	38 912	38 072
Paid during the year	(38 710)	(40 468)
Closing balance	951	749

14. Payables – Current

Clearing accounts
Other payables
Total

Note	2017/18 R'000	2016/17 R'000
14.1	200	2 517
14.2	–	35
	200	2 552

14.1 Clearing accounts

Salary pension funds
Salary income tax
Salary bargaining council
Salary garnishee order
Total

Note	2017/18 R'000	2016/17 R'000
	37	104
	162	2 412
	1	–
	–	1
	200	2 517

14.2 Other payables

Salary reversal control
Total

Note	2017/18 R'000	2016/17 R'000
21	–	35
	–	35

15. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance
Add back non-cash/cash movements not deemed operating activities
(Increase)/decrease in receivables – Current
(Increase)/decrease in prepayments and advances
Increase/(decrease) in payables – Current
Expenditure on capital assets
Surrenders to Revenue Fund
Surrenders to Reconstruction and Development Programme (RDP) Fund/donor
Net cash flow generated by operating activities

Note	2017/18 R'000	2016/17 R'000
	41 757	47 820
	(38 260)	(39 504)
	(90)	1 107
	54	217
	(2 352)	(8 444)
	12 669	9 917
	(46 769)	(40 529)
	(1 772)	(1 772)
	3 497	8 316

16. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster-General account	14	(680)	10 265
Cash on hand		72	71
Cash with commercial banks (local)		1 665	310
Total		1 057	10 646

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

	Note	2017/18 R'000	2016/17 R'000
Liable to nature			
Claims against the Department	Annexure 3B	97 467	5 609 311
Environmental rehabilitation liability	Annexure 3B	1 860 559	1 701 279
Other		10 032	–
Inter-government payables unconfirmed balance		2 442	–
Total		1 970 500	7 310 590

Included in other contingent liability is future lease payment in dispute because of a contract signed by an official without the delegated authority. The environmental rehabilitation liability comprises derelict and ownerless mines that have been earmarked by the Department for rehabilitation, depending on the availability of funds. The reduction in the cases against the Department amount to R5 billion and have since been completed and closed, and there is no future liability for the Department to be incurred.

17.2 Contingent assets

	Note	2017/18 R'000	2016/17 R'000
Lease contract in dispute		4 122	–
Total		4 122	–

The contingent assets relate to a possible refund on contingent liability raised on an unauthorised lease agreement contract that the third party considers binding regardless of terms and condition of contract relating to billing not being adhered to.

18. Commitments

	Note	2017/18 R'000	2016/17 R'000
Current expenditure*			
Approved and contracted		31 666	8 667
		31 666	8 667
Capital expenditure			
Approved and contracted		109	–
Approved but not yet contracted		–	152
		109	152
Total commitments		31 775	8 819

*Included in the commitment is the R13.3 million that relates to 2019/20 financial year

19. Accruals and payables not recognised

	2017/18			2016/17
	30 days R'000	30+ days R'000	Total R'000	Total R'000
Listed by economic classification				
Goods and services	7 094	–	7 094	9 397
Capital assets	118	–	118	–
Total	7 212	–	7 212	9 397

Listed by programme level

Administration
Mine Health and Safety
Mineral Regulation
Mineral Policy and Promotion
Total

Note	2017/18 R'000	2016/17 R'000
	4 147	5 516
	371	1 077
	1 634	715
	1 060	2 089
	7 212	9 397

19.2 Payables not recognised

	2017/18			2016/17
	30 days R'000	30+ days R'000	Total R'000	Total R'000
Listed by economic classification				
Goods and services	635	–	635	846
Total	635	–	635	846

	Note	2017/18 R'000	2016/17 R'000
Listed by programme level			
Administration		632	194
Mine Health and Safety		3	599
Mineral Regulation		–	4
Mineral Policy and Promotion		–	49
Total		635	846

	Note	2017/18 R'000	2016/17 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annexure 5	8 540	1 615
Total		8 540	1 615

20. Employee benefits

	Note	2017/18 R'000	2016/17 R'000
Leave entitlement		26 425	25 080
Service bonus (13h cheque)		16 184	15 192
Performance awards		8 860	12 116
Capped leave commitments		5 685	5 837
Total		57 154	58 225

Included in the above leave entitlement balance are employees with a negative leave balance amounting to R505 776.55.

21. Lease commitments

21.1 Operating leases expenditure

2017/18

Not later than one year

Later than one year and not later than five years

Total lease commitments

Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000
20 539	3 428	23 967
–	3 205	3 205
20 539	6 633	27 172

2016/17

Not later than one year

Later than one year and not later than five years

Total lease commitments

Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000
40 721	249	40 970
–	34	34
40 721	283	41 004

Rental earned on sub-leased assets

Total

Note	2017/18 R'000	2016/17 R'000
2	–	473
	–	473

22. Accrued departmental revenue

Interest, dividends and rent on land

Total

Note	2017/18 R'000	2016/17 R'000
	183 187	157 811
	183 187	157 811

22.1 Analysis of accrued departmental revenue

Opening balance

Less: Amounts received

Add: Amounts recognised

Total

Note	2017/18 R'000	2016/17 R'000
	157 811	128 973
	23 379	23 616
	48 755	52 454
	183 187	157 811

22.2 Impairment of accrued departmental revenue

Note	2017/18 R'000	2016/17 R'000
Estimate of impairment of accrued departmental revenue	88 438	67 696
Total	88 438	67 696

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

Note	2017/18 R'000	2016/17 R'000
Add: Irregular expenditure – relating to prior year	6 802	–
Add: Irregular expenditure – relating to current year	3 456	–
Less: Current year amounts condoned	(364)	–
Closing balance	9 894	–
Analysis of awaiting condonation per age classification		
Current year	3 092	–
Prior year	6 802	–
Total	9 894	–

23.2 Details of irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Incorrect application of PPPF (used 90/10 instead of 80/20 on awarding a contract)	Verbal warning and training of staff	364
Unauthorised lease contract	Investigation In progress	9 894
Total		10 258

Irregular expenditure relates to the 2014/15 financial year lease payments that did not follow due process. The Department is currently investigating all the matters relating to irregular expenditure, and appropriate action will be taken upon conclusion of the investigations.

23.3 Details of irregular expenditure condoned

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Stationery contract: Incorrect classification of PPPF	Condoned by National Treasury	364
Total		364

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

	Note	2017/18 R'000	2016/17 R'000
Fruitless and wasteful expenditure – relating to the prior year		6 135	–
Total		6 135	–

The Department identified payments made in 2014/15 for office accommodation and tenant installation in which no value was derived from the expenditure. The incident is regarded as a criminal conduct and further investigations are being conducted to determine who the responsible official is from whom the amount should be recovered for the expenditure incurred by the Department.

24.2 Analysis of awaiting resolution per economic classification

	Note	2017/18 R'000	2016/17 R'000
Current		1 577	–
Capital		4 558	–
Total		6 135	–

24.3 Analysis of current year's (relating to current and prior years) fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Payment of office accommodation and tenant installation	The incident is regarded as criminal conduct and further investigations are being conducted to determine who the responsible official from whom the amount should be recovered for the expenditure incurred by the Department is.	6 135
Total		6 135

25. Related-party transactions

Entity	Nature of related-party relationship
Council for Geoscience	An entity under the control of the Minister
MINTEK	
South African Diamond and Precious Metals Regulator	
Mine Health and Safety Council	
State Diamond Trader	

26. Key management personnel

	Number of individuals	2017/18 R'000	2016/17 R'000
Political office bearers	3	4 390	4 222
Level 15 to 16	8	11 110	10 564
Level 14	16	18 954	15 764
Total		34 454	30 550

27. Provisions

	Note	2017/18 R'000	2016/17 R'000
Environmental liability		326 058	336 806
Long-service awards		323	186
Departmental legal cases		110	–
Total		326 491	336 992

The provision for environmental rehabilitation liability comprised derelict and ownerless mines that have been earmarked by the Department to be rehabilitated depending on the availability of funds in terms of the MTEF. Long-service awards consist of officials who are anticipated to be rewarded for long service in the public service in the next financial year. Departmental cases, based on the legal outcome, are those where there is a high probability that the Department is liable and is awaiting the final estimate to settle.

27.1 Reconciliation of movement in provisions – 2017/18

	Environmental liability R'000	Long-service awards R'000	Departmental legal cases R'000	Total provisions R'000
Opening balance	336 806	186	–	336 992
Increase in provision	(10 748)	138	110	(10 500)
Closing balance	326 058	324	110	326 492

Reconciliation of movement in provisions – 2016/17

	Environmental liability R'000	Long-service awards R'000	Total provisions R'000
Opening balance	332 647	151	332 798
Increase in provision	4 159	35	4 194
Closing balance	336 806	186	336 992

28. Movable tangible capital assets

Machinery and equipment

Transport assets
Computer equipment
Furniture and office equipment
Other machinery and equipment

Total movable tangible capital assets

Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
78 622	11 733	1 959	88 396
5 306	1 595	–	6 901
35 054	7 771	1 920	40 905
33 605	1 643	39	35 209
4 657	724	–	5 381
78 622	11 733	1 959	88 396

28.1 Additions

Machinery and equipment

Transport assets
Computer equipment
Furniture and office equipment
Other machinery and equipment

Total movable tangible capital assets

Cash R'000	Received current, not paid (paid current year, received prior year) R'000	Total R'000
11 615	118	11 733
1 595	–	1 595
7 771	–	7 771
1 525	118	1 643
724	–	724
11 615	118	11 733

28.2 Disposals

Machinery and equipment

Computer equipment
Furniture and office equipment

Total movable tangible capital assets

Non-cash disposal R'000	Total disposals R'000
1 959	1 959
1 920	1 920
39	39
1 959	1 959

28.3 Movement for 2016/17

Movement in movable tangible capital assets per the Asset Register for the year ended 31 March 2018

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Machinery and equipment	70 788	8 077	243	78 622
Transport assets	2 046	3 260	–	5 306
Computer equipment	31 775	3 432	153	35 054
Furniture and office equipment	32 597	1 098	90	33 605
Other machinery and equipment	4 370	287	–	4 657
Total movable tangible capital assets	70 788	8 077	243	78 622

28.4 Minor assets

Movement in minor assets per the Asset Register for the year ended 31 March 2018

	Machinery and equipment R'000	Total R'000
Opening balance	16 760	16 760
Additions	1 481	1 481
Disposals	475	475
Total minor assets	17 766	17 766

	Machinery and equipment R'000	Total R'000
Number of minor assets at cost	10 492	10 492
Total minor assets	10 492	10 492

Minor assets

Movement in minor assets per the Asset Register for the year ended as at 31 March 2017

Opening balance
Additions
Disposals
Total minor assets

Machinery and equipment R'000	Total R'000
16 120	16 120
968	968
(328)	(328)
16 760	16 760

Number of minor assets at cost
Total minor assets

Machinery and equipment R'000	Total R'000
9 789	9 789
9 789	9 789

29. Intangible capital assets

Movement in intangible capital assets per the Asset Register for the year ended 31 March 2018

Software
Total intangible capital assets

Opening balance R'000	Disposals R'000	Closing balance R'000
3 321	792	4 113
3 321	792	4 113

29.1 Additions

Additions in intangible assets per the Asset Register for the year ended 31 March 2018

Software
Total additions to intangible capital assets

Cash R'000	Total R'000
792	792
792	792

29.2 Movement for 2016/17

Opening balance R'000	Disposals R'000	Closing balance R'000
11 030	7 709	3 321
11 030	7 709	3 321

Software

Total intangible capital assets

30. Immovable tangible capital assets

Opening balance R'000	Disposals R'000	Closing balance R'000
52 403	32	52 435
52 403	32	52 435

Buildings and other fixed structures

Other fixed structures

Total immovable intangible capital assets

30.1 Additions

Building and other fixed structures

Other fixed structures

Total additions to immovable tangible capital assets

Cash R'000	Total R'000
32	32
32	32

30.2 Movement for 2016/17

Opening balance R'000	Disposals R'000	Closing balance R'000
52 250	153	52 403
52 250	153	52 403

Buildings and other fixed structures

Other fixed structures

Total immovable tangible capital assets

31. Inventories

Note	2017/18 R'000	2016/17 R'000
Annexure 6		
Opening balance	4	258
Add/(Less): Adjustments to prior year balances	356	7
Add: Additions/purchases – Cash	4 348	1 500
(Less): Issues	(4 493)	(1 521)
Add/(Less): Adjustments	95	(240)
Closing balance	310	4

Annexure 1B: Statement of Transfers to Departmental Agencies and Accounts

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION		TRANSFER		2016/17
	Adjusted appropriation R'000	Total available R'000	Actual transfer R'000	Percentage of available funds transferred Percentage	Appropriation Act R'000
Council for Geoscience	366 988	366 988	366 988	100%	378 598
South African Diamond and Precious Metal Regulator	65 865	65 865	65 865	100%	53 205
Mining Qualification Authority	1 840	1 840	1 718	93%	1 716
Mine Health and Safety Council	6 162	6 162	6 162	100%	–
Total	440 855	440 855	440 733	–	433 519

Annexure 1D: Statement of Transfers/Subsidies to Public Corporations and Private Enterprises

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION		EXPENDITURE				2016/17
	Adjusted appropriation R'000	Total available R'000	Actual transfer R'000	Percentage of available funds transferred Percentage	Capital R'000	Current R'000	Appropriation Act R'000
Public corporations							
Mintek	367 256	367 256	367 256	100.0%	367 256	343 039	356 416
State Diamond Trader	–	–	–	–	–	–	200
Sub-total	367 256	367 256	367 256	100.0%	367 256	343 039	356 616
Private enterprises							
Petroleum SA	87 138	87 138	87 138	100.0%	–	87 138	–
Sub-total	87 138	87 138	87 138	100.0%	–	87 138	–
Total	454 394	454 394	454 394	100.0%	367 256	430 177	356 616

Annexure 1G: Statement of Transfer to Households

HOUSEHOLDS	TRANSFER ALLOCATION		EXPENDITURE		2016/17
	Adjusted appropriation R'000	Total available R'000	Actual transfer R'000	Percentage of available funds transferred Percentage	Appropriation Act R'000
Transfers	–	–	–	–	–
Leave gratuity (employer service benefits)	1 573	1 573	1 573	100.0%	1 059
Claims against the state (cash)	–	–	–	–	2
Donations and gifts (cash)	40	40	40	100.0%	120
Total	1 613	1 613	1 613	–	1 181

Annexure 1I: Statement of Aid Assistance Received

	Purpose	Opening balance R'000	Paid back on/by 31 March R'000	Closing balance R'000
NAME OF DONOR				
Received in cash				
European Donor	Transfer to Council for Geoscience	1 772	(1 772)	–
Total		1 772	(1 772)	–

Annexure 1J: Statement of Gifts, Donations and Sponsorships Made

	2017/18 R'000	2016/17 R'000
NATURE OF GIFT, DONATION OR SPONSORSHIP		
Made in kind		
Payments made as an act of grace to household	40	120
Total	40	120

Annexure 3B: Statement of Contingent Liabilities as at 31 March 2018

	Opening balance 1 April 2017 R'000	Liabilities paid/ cancelled/reduced during the year R'000	Closing balance 31 March 2018 R'000
NATURE OF LIABILITY			
Claims against the Department			
Claims against the Department	5 609 311	(5 511 844)	97 467
Subtotal	5 609 311	(5 511 844)	97 467
Environmental liability			
Environmental liability	1 701 279	159 280	1 860 559
Other	–	10 032	10 032
Subtotal	1 701 279	160 312	1 870 591
Total	7 310 590	5 681 156	1 968 058

Annexure 4: Claims Recoverable

GOVERNMENT ENTITY

Department

Department of Energy

Northern Cape Department of Transport, Safety and Liaison

Total

CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL	
31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000
–	–	1 457	1 457	1 457	1 457
–	–	12	–	12	–
–	–	1 469	1 457	1 469	1 457

Annexure 5: Inter-government Payables

GOVERNMENT ENTITY

Departments

Current

Department of Justice and Constitutional Development

Department of Public Works

Gauteng Government Garage

Department of Social Development

Total

CONFIRMED BALANCE OUTSTANDING		Unconfirmed balance outstanding		TOTAL	
31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000
343	792	–	–	343	792
5 888	168	2 442	–	5 888	168
2 301	655	–	–	2 301	655
8	–	–	–	8	–
8 540	1 615	2 442	–	8 540	1 615

Annexure 6: Inventories

INVENTORY

Opening balance

Add/(less): Adjustments to prior-year balance

Add: Additions/purchases – cash

(Less): Issues

Add/(Less): Adjustments

Closing balance

Note

Quantity R'000	2017/18 R'000	Quantity R'000	2016/17 R'000
155	4	32 345	258
58 348	356	–	7
94 666	4 348	8 409	1 500
(102 401)	(4 493)	(10 318)	(1 521)
124	95	(30 281)	(240)
50 892	310	155	4

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RP366/2018

ISBN: 978-0-621-46752-9